Annual Report 2020

NEXT CAPITAL LIMITED

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VISION

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

MISSION

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

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

COMPANY INFORMATION

Board of Directors	Lt. Gen. Tariq Waseem Ghazi (Retd.)	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	Ms. Sana Quadri	
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	VIS Credit Rating Company (formerly JCR-VIS)	
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 Eleventh (11th) Annual General Meeting (AGM) of Next Capital Limited [the Company] will be held on Wednesday, October 28, 2020 at 01:45 p.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 Tenth (10th) Annual General Meeting (AGM) held on October 25, 2019.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2020 together with the Directors' and Auditors' Reports thereon.
3. To approve the appointment of the Auditor for the year ending June 30, 2021 and fix their remuneration. The retiring Auditor Messrs KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.
4. To transact any other business as may be placed before the meeting with the permission of the Chair.

By order of the Board

Karachi. **Muhammad Najam Ali**
Dated: October 08, 2020 **Chief Executive Officer**

NOTES:

i. The Share Transfer Books of the Company will remain closed from 21th October, 2020 to 28th October, 2020 (both days inclusive).

ii. A member entitled to attend and vote at this meeting may appoint another member as his or her proxy to attend and vote. Procedure including the guidelines as laid down in Circular No. I- Reference No. 3(5-A) Misc/ARO/LES/96 dated 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).

iii. Physical transfers and deposit request under Central Depository System received at the close of the business on October 20, 2020 by the Company's registrar will be treated as being in time for entitlement to attend, participate in and vote at the meeting.

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

v. **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.

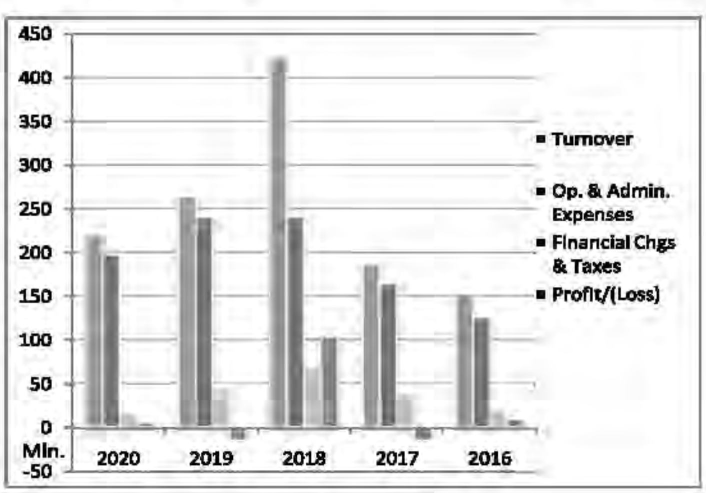
I/We ____________________ of ____________________, being a member(s) of Next Capital Limited, holder of ________ Ordinary share(s) as per registered folio/CDC Account No. ____________ hereby opt for video conference facility at ____________________.

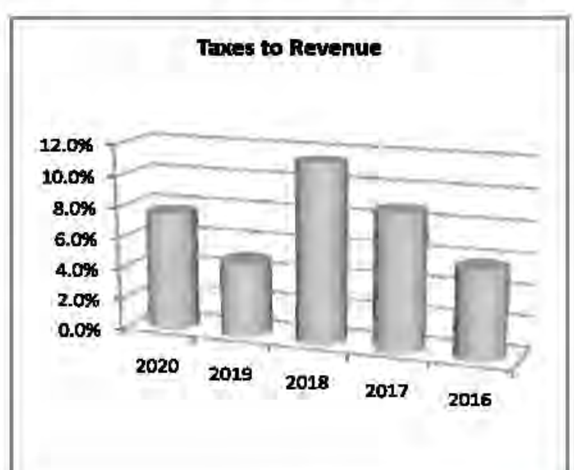
vi. Members are requested to immediately notify the change, if any, in their registered address/contacts numbers to Share Registrar on the following address:

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 AND OPERATING HIGHLIGHTS YEAR ENDED 30 JUNE

	2020	2019	2018	2017	2016
	Rupees in Thousands				
Profit and Loss Account					
Operating revenue	195,817	174,309	241,117	353,702	163,555
Investment gains - net	(1,676)	5,250	2,318	41,240	1,311
Other income	52,465	40,107	20,467	29,508	21,723
Total Turnover	***246,606***	***219,666***	***263,902***	***424,450***	***186,589***
Operating & administrative expenses	197,121	197,622	240,135	239,422	164,286
Financial cost	13,008	6,319	16,497	30,142	26,583
Profit/(loss) before taxation	36,477	15,725	4,769	139,960	(5,703)
Profit/(loss) after taxation	***17,794***	***5,307***	***(25,336)***	***102,961***	***(16,146)***
Balance Sheet					
Share capital	450	450,000	450,000	450,000	200,000
Reserves	(43,023)	(54,945)	(39,655)	40,186	(37,910)
Share holders equity	***406,977***	***395,055***	***410,345***	***490,186***	***162,090***
Long term liabilities	32,614	-	-	-	92,212
Current assets	659,265	735,762	635,536	1,053,184	562,005
Current liabilities	344,509	430,867	286,958	653,738	404,289
Total assets	***784,099***	***825,922***	***697,302***	***1,143,924***	***658,591***
Total liabilities	***377,122***	***430,867***	***286,958***	***653,738***	***496,501***
RATIOS					
Performance					
Net Profit/(loss) Margin (%)	9.1%	3.0%	-10.5%	29.1%	-9.9%
Profit/(loss) before tax (%)	18.6%	9.0%	2.0%	39.6%	-3.5%
Expense/Income (%)	100.7%	113.4%	99.6%	67.7%	100.4%
Return on equity (%)	4.4%	1.3%	-6.2%	21.0%	-10.0%
Price Earning (%)	5.1%	2.3%	-5.9%	12.1%	-6.4%
Leverage					
Debt to equity (%)	49.1%	50.6%	48.7%	40.8%	123.4%
Interest cover (x)	0.38	3.17	2.21	5.64	0.79
Liquidity					
Current (x)	1.91	1.71	2.21	1.61	1.39
Earning Per Share (EPS)	**0.40**	**0.12**	**(0.56)**	**2.78**	**(0.51)**
Breakup Value/Net Assets per share	9.04	8.78	9.12	10.89	8.10
Market Value Per Share	**7.84**	**5.30**	**9.50**	**23.01**	**8.00**





I am pleased to present to you, the Annual Report for the year ended June 30, 2020.

The Board of Directors ("the Board") of Next Capital Limited (NCL) has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner which resulted in yet another profitable year for NCL despite a gloomy economic scenario in the last quarter of the year particularly due to lockdown amid COVID19.

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

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

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

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

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

Gen. Tariq Waseem Ghazi (Retd.)
Chairman

October 7, 2020

Economic Review:

The performance of the global economy was marred by the outbreak of a global pandemic that originated from China in 2019 and moved onto Europe, and then later on enveloped the entire world including Pakistan. To curtail the spread of the pandemic countries opted for lockdowns restricting all sorts of unnecessary movements and gatherings. Prolonged lockdowns and social distancing severely impacted global economy during the year under review forcing governments to provide stimulus for growth including reduction in interest rates, quantitative easing and other fiscal measures. IMF also had significantly reduced its global growth forecasts from -3% in Apr'20 to -4.9% in its recent release of update to the World Economic Outlook in Jun'20. The agency also lowered its global growth outlook for 2021 from 5.8% to 5.4%. Prior to the global outbreak of the Pandemic, IMF was foreseeing a global growth for 2020 at 3.5% (WEO Jul'19). Lockdowns across the world have severely impacted economies and hence despite the failure to fully contain the outbreak, many countries have been opening up. Pakistan also imposed lockdown, halting all economic activities from end-Mar'20. With economic implications in mind the lockdowns were eased from mid-Apr'20 where construction and export related industries were allowed to operate followed by opening of more sectors until a complete lifting of the lockdown by end of the year under review.

With the start of FY20, real GDP growth forecasts were in excess of 2.4% compared to provisional estimates of 3.3% during FY19. The slowdown in growth in FY20 was attributable to low aggregate demand due to falling disposable incomes with the consumers due to double-digit inflation, weakening PKR and rising interest rates coupled with the documentation and taxation drive for the implementation of structural reforms under the ongoing IMF program. However, with the global outbreak of the COVID-19 pandemic, the growth estimates have turned into recession for Pakistan in-line with the global trends. FY20 is expected to witness the first recession after FY52 where the economy shrunk by 1.8%. Provisional numbers suggest that during FY20 Pakistan's GDP is expected to shrink by 0.4% compared to revised FY19 growth of 1.9%. Services sector that has been reporting an average YoY growth of 5.1% since FY01, is expected to shrink for the first time in FY20 where the impact of documentation drive was enhanced with the pandemic outbreak and the subsequent lockdowns.

The base of inflation calculation was revised to 2015-16 and categories of Urban, Rural and National inflation were introduced at the start of the year under review. National CPI YoY inflation while peaking at 14.6% in Jan'20 (9 year high) dropped down to 8.6% in Jun'20 taking average inflation for the year under review to 10.7% compared to 6.8% last year. The prime factors contributing to higher inflation include higher food inflation due to various supply shocks during the year under review, increase in POL products prices, and rise in gas and electricity tariffs.

SBP has been one institution that has acted aggressively to counter the impacts of COVID-19 on the overall economy of Pakistan during the year under review. From a tightening monetary stance till Jul'20 the central bank had shifted to an aggressively easing stance to provide a stimulus to growth where inflationary pressures were also easing on a monthly basis. Few of the steps that the central bank had taken since Mar'20 include: 1) expansion of the LTFF program, 2) introduction of loans at lower rates for investment projects in the country in those challenging times, 3) deferment and rescheduling of loans, 4) loan facility to ensure continued payments of wages/salaries to employees, 5) subsidized loans for hospitals, and the most crucial of them all is 6) 625 basis points reduction in Policy Rate during Mar. 17 – Jun. 26, 2020. The SBP while ensuring maximum availability of disinfected cash at ATMs and bank branches, and ensuring that maximum branches of banks are open and following critical SoPs, it waived all charges on internet based banking services in order to encourage cash-less and distant banking.

Pakistan's CAD has also shown a significant improvement of 78% during the year under review standing at USD3.0bn (-1.1% of GDP) compared to USD13.4bn (-4.8% of GDP) last year. The primary driver of this is the significant improvement in balance of trade in goods and services. Exports of good/services declined by 7%/9%YoY compared to a decline of 18%/24%YoY in imports of good/services. Exports suffered as majority of export destinations of Pakistan were closed due to the pandemic while imports declined primarily due to significant plunge in international oil prices and over slowdown in demand of imported products coupled with logistics limitations. As a result, balance of trade in goods/services has improved by 28%/43%YoY contributing USD7.7bn/USD2.1bn to the overall improvement in CAD amidst the outbreak of the pandemic and plunge in international oil prices. Remittances also improved in these challenging times with a 6.3%YoY growth contributing USD1.4bn to the improvement in CAD during the year under review. Remittances by overseas Pakistanis have so far been resilient and managed to report a growth of 6.4% during the year under review to USD23.1bn compared to USD21.7bn during the previous year. Remittances in Jun'20 came as a surprise at USD2.5bn, which is 50.7%YoY and 32%MoM higher. The trend has continued in the first two months of the ongoing year.

Pakistan negotiated a USD6bn IMF EFF program in Jul'19 and so far has received USD1.4bn with another USD1.4bn under the RFI program of the IMF to combat the COVID-19 pandemic in Apr'20. Remaining tranches of the IMF EFF are at a hold as a consensus on economic performance and targets are yet to be achieved between the local and IMF officials. SBP's forex reserves have closed the year under review at USD12.1bn (total USD18.9bn) with SBP's reserves covering average imports for upto3.5 months. PKR during the year under review further succumbed to international pressures and as a result of SBP's newly implemented market determined exchange rate policy the PKR depreciated by 5% as compared to the USD during the year under review and closed at PKR168.05/USD. Due to improving external account positions PKR has appreciated by 1.3%.

On the fiscal side, the performance has also significantly improved where with increased COVID-19 related spending and higher debt servicing expenses, the Government managed to post a deficit of 8.1% of GDP (PKR3.4tn) during the year under review compared to a deficit 9.1% of GDP (PKR3.4tn) during the previous year. The Government was unable to post a primary budget surplus during the year under review, but the deficit was significantly reduced to 1.8% of GDP (PKR0.8tn) compared to a deficit of 3.6% of GDP (PKR1.4tn) during the previous year. FBR Tax revenues fell by 15.2% during the last quarter of the year under review with the lockdowns imposed globally including Pakistan, and that restricted the full year growth to only 4.4% during the year under review still meeting the revised target of the IMF.

Overall economic activities in the country are gaining momentum post opening-up of lockdown after the containment of the spread of the pandemic. This is indicated by the high frequency demand data including cements and autos sales. GDP growth estimates for the ongoing year are in the range of 1%-2%, which are although on the lower side but healthy considering the overall global economic outlook. Lower international crude oil prices and ample forex reserves with the SBP are likely to keep the external account at a comfortable position. Current account of the BoP also posted a surplus during the first two months of the ongoing year, which is primarily attributable to higher remittances and lower trade deficit in goods and services. With inflation expected to hold lower, interest rates are expected to have bottomed-out for now before any upsurge again. Fiscal challenges remain with increased spending requirements on development, related to COVID-19 and debt servicing, where revenue collections is likely to remain short of target given by the IMF. The Board is hopeful on the outcome of the FATF where we believe that the country has now become largely compliant to the criteria. Key risks include resurgence of the COVID-19 cases, rise in international oil prices, increase in gas and electricity tariffs as per the IMF requirements, and higher food prices due to supply shocks. All in all we a positive outlook on the country's economic progress and pray for health and safety of the humanity across the globe.

Capital Market Review & Outlook

Pakistan's equities market performance remained extremely volatile during the year under review influenced by various domestic and exogenous factors. The year started with the KSE100 Index nose-diving to 28,765 level due to hike in interest rates and other macroeconomic challenges as the country came under the IMF EFF program with stiff fiscal targets. With expectations of interest rates having peaked-out and attractive valuations, the market regained momentum and by Jan'20, the KSE100 Index made a peak at 43,219. With the global pandemic spread and confirmation of first few cases of COVID-19 in Pakistan, the benchmark KSE100 Index nose-dived again but this time to a lower low of 27,229 level. Aggressive measures by the GoP and the SBP to counter negative economic impacts of the pandemic and the subsequent lockdown including the reduction on interest rates and the construction package, the regained momentum and the KSE100 Index closed the year at 34,422 gaining 1.5% (520 points). Average volumes during the year improved by 26% to 196mn shares whereas average daily value traded also improved by 13% to PKR7.2bn as a result of increased liquidity and relative attractiveness of the domestic equities market of Pakistan. Amongst the main sectors, Pharma, Technology & Communication, Cement, Paper & Board, and Fertilizer sectors significantly out-performed the market whereas Power, Banks and Oil & Gas E&P companies significantly under-performed the market. Foreign investors remained net sellers with an outflow of USD285mn during the year under review largely in Oil & Gas E&P companies, Banks and Cement sectors, which was primarily absorbed by individuals and Insurance Companies.

Going forward while the Board of your company is optimistic on growth outlook as Pakistan seems to have defeated the pandemic so far, risks of a second wave as seen in several other countries, cannot be ruled out. Lower inflation and interest rates are likely keep the equities market in limelight with improved earnings growth outlook. Additionally new offerings at the bourse have also started coming in. Liquidity subsequent to the year-end has also significantly improved and the overall long-term investment outlook of the domestic equities market remains positive.

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

	2019-20	2018-19
	PAK RUPEES	
Accumulated losses as at July 01	(8,188,270)	(5,284,285)
Cash Dividend Paid during the year	-	(11,250,000)
Net Profit for the year	17,794,313	5,306,556
(Accumulated losses)/ unappropriated profit June 30	7,085,268	(8,188,270)
Earnings Per Share Rupees	0.40	0.12

The Company posted a pre-tax profit of PKR 36.5 million during the year under review compared to a pre-tax profit of PKR 15.7 million last year. Overall operating revenues of the company increased to PKR 195.8 million compared to PKR 174 million in the previous year, an increase of 12%. Brokerage income increased by 14% due to the increase in trading activity mainly pertaining to the improved economic situation in the country in the second and third quarters of the year. Similarly Advisory & consultancy revenue also increased by 6%.The improved economic activity however suffered temporary obstruction in the last quarter corresponding to the lockdown during COVID19.

The Company was able to reduce administrative expenses by 4%, however the operating expenses increased by 13% consistent to the increased trading activity in the second and third quarters of the year. During the year Finance cost of PKR 6.45 million was recognized as a consequence of the implementation of IFRS 16 whereby rent expense is classified in the books as leased asset. Other than that the finance costs did not deviate significantly from last year.

The continuous improvement in Company's profitability concurs our business strategy. Given the macroeconomic indicators remain stable, the Company aims to capitalize the improved market conditions prevalent after ease of lockdown post COVID19

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) Due to current economic conditions and business challenges the Company has decided to preserve cash in order to create more value for its shareholders and therefore not to pay any dividend for the year ended June 30, 2020.
(j) There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2020 except for those disclosed in the financial statements;
(k) All the material changes and commitments affecting the financial position of the Company occurred between the balance sheet date and the date of the directors' report have been disclosed in the report;
(l) Five directors have obtained training under the Director's Training Program;
(m) The Directors, CFO, CEO, Company Secretary, Head of Internal Audit and their spouses and minor children did not carry out any transaction in the shares of the Company during the year; and
(n) Pattern of shareholding is disclosed after financial statements.

Meetings of the Board of Directors:

Four Board meetings were held during the financial year 2019-2020 and were attended by the Directors as follows:

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

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 KhurramShahzad
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 KhurramShahzad	Member

Director's Remuneration

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

Credit Rating

The Company has been re-assigned entity ratings of 'A-/A-2' (A Minus/A-Two) by VIS Credit Rating Company Ltd. (previously 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 VIS Credit Rating Company Ltd. (previously JCR-VIS). The outlook on the assigned ratings is 'Stable'. Issuer rating rationale defined by VIS (previously 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 TaseerHadi& Co., Chartered Accountants, being eligible, have offered themselves for reappointment. Accordingly, the Board of Directors endorses the recommendation of the Audit Committee for the appointment of Messrs KPMG TaseerHadi& Co., Chartered Accountants as the auditors for the Company for the financial year ending June 30, 2021.

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 7, 2020

Muhammad Najam Ali	**Zubair Ellahi**
Chief Executive Officer	Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Next Capital Limited

Review Report on the Statement of Compliance contained in Listed Companies(Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by the Board of Directors of Next CapitalLimited ("the Company") for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020. Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Regulations as reflected in the note/paragraph reference where these are stated in the Statement of Compliance:

Note/paragraph

S.No.	Reference	Regulations	Description
1	S.No 14	Chapter 7, Regulation 20.	During the year, the Head of Internal Audit resigned, the Company is in the process of appointing a new person in his place.

KPMG Taseer Hadi & Co.

Date: October 7, 2020

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi

Name of company: **NEXT CAPITAL LIMITED**
Year ending: **30th June 2020**

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 Mr. Malik Khurram Shehzad
Executive Directors	Mr. Muhammad Najam Ali

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

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

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the date of approval or updatingis maintained by the company.

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

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

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

9. The Board of Directors of the Company consists of Seven (7) eminent directors, out of which four (4) directors are already certified under the Directors Training Program as follows:

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

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

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

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

a) Audit Committee

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

b) Human Resource & Remuneration Committee

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

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

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

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

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

16. The board has set up an effective internal audit function to persons who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

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

To the members of Next Capital Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Next Capital Limited** ("the Company"), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 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 matter(s)	How the matter was addressed in our audit
1	**Revenue recognition** Refer notes 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 80% and corporate finance and related services represents 20% 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 accounting standard IFRS 15 Revenue from Contracts with Customers.	Our procedures included: • We obtained an understanding of, assessed and tested the design and operating effectiveness of key internal controls over the recording ofrevenue; • We assessed the appropriateness of the Company's accounting policiesforrevenuerecognitionand compliance of those policies with applicable 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.

S. No.	Key audit matters	How the matter was addressed in our audit
2	**Valuation of Trade Debts** Refer notes 3.5, 3.6, 3.15 and 12 to the financial statements relating to valuation of trade debts. The Company has a significant balance of trade debts. Provision against doubtful trade debts is based on loss allowance for Expected Credit Loss (ECL). We identified recoverability of trade debts as a key audit matter as it involves significant management judgment in determining the recoverable amount of trade debts.	Our procedures included: • Weobtainedanunderstandingof the management's basis for the determination of the provision required at the year end and the receivables collectionprocess; • We assessed the method used by thecompanyfortherecognitionof the impact of the application of IFRS 9 regarding provision for doubtful debts as allowable under IFRS 9 and assessing the reasonableness of assumptions of ECL;and • We tested the accuracy of the data on a sample basis extracted from the Company's accounting system which has been used to calculate the provision required including the subsequentre coveries.

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) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

KPMG Taseer Hadi & Co.

Date: October 7, 2020

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2020

ASSETS	Note	30 June 2020	30 June 2019
		(Rupees)	
Non-current assets			
Property and equipment	4	53,730,404	61,848,864
Right of use assets	5.1	32,924,557	-
Intangible assets	6	3,536,112	3,873,747
Long term investment	7	10,703,821	14,055,522
Long term deposits	8	16,713,523	4,411,279
Deferred tax asset - net	9	7,226,193	5,970,357
		124,834,610	90,159,769
Current assets			
Short term investments	10	4,493,995	34,750,500
Investment in marginal financing system	11	2,430,138	21,864,752
Trade debts	12	107,805,166	130,746,852
Deposits and prepayments	13	319,231,311	240,384,133
Advances and other receivables	14	4,594,814	3,458,330
Income tax refundable		51,991,461	59,556,152
Cash and bank balances	15	168,718,288	245,002,260
		659,265,173	735,762,979
Total assets		784,099,783	825,922,748
EQUITY AND LIABILITIES			
Share capital and reserve			
Authorised capital			
100,000,000 (30 June 2019: 100,000,000) ordinary shares of Rs. 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	16	450,000,000	450,000,000
Discount on issue of shares		(50,000,000)	(50,000,000)
Revenue Reserves			
Unappropriated profits / (loss)		7,085,268	(8,188,270)
Fair value reserves		(108,119)	3,243,582
		406,977,149	395,055,312
Non-current liabilities			
Lease Liabilities	5.3	32,614,065	-
Current liabilities			
Unclaimed dividend		3,055,446	5,117,003
Current portion of lease liabilities	5.3	7,524,763	-
Short term borrowing - secured	18	149,996,346	199,986,969
Trade and other payables	19	183,932,014	225,096,797
Contract liability		-	666,667
		344,508,569	430,867,436
Total equity and liabilities		784,099,783	825,922,748
Contingencies and commitments	20		

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

Chief Executive	Chief Financial Officer	Director

NEXT CAPITAL

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE, 2020

	Note	30 June 2020	30 June 2019
		(Rupees)	
Operating revenue	21	195,817,680	174,309,134
Capital (loss) / gain on sale of investments	22	(1,524,315)	4,120,029
Unrealised (loss) / gain on remeasurement of investment classified as 'at fair value through profit or loss'	10	(151,963)	1,129,744
Operating expenses	23	(113,646,716)	(100,635,131)
Administrative expenses	24	(84,537,819)	(88,322,895)
Impairment reversal /(loss) on trade debts	12.1	1,063,397	(8,664,425)
Finance cost	25	(13,007,875)	(6,319,000)
		(15,987,611)	(24,382,544)
Other income	26	52,465,103	40,107,072
Profit before taxation		36,477,492	15,724,528
Taxation			
- Current		(22,907,486)	(13,200,035)
- Prior		3,998,084	(1,269,938)
- Deferred		226,223	4,052,001
	27	(18,683,179)	(10,417,972)
Profit for the year		17,794,313	5,306,556
Earnings per share - basic and diluted	28	0.40	0.12

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

Chief Executive	Chief Financial Officer	Director

	30 June 2020	30 June 2019
	(Rupees)	
Profit for the year	**17,794,313**	5,306,556
Other comprehensive income for the year		
Items that will not be reclassified to profit and loss account		
Deficit on revaluation of equity shares investments carried at fair value	(3,351,701)	(8,080,698)
Realised gain / (loss) - FVOCI investment	-	4,304,512
Total comprehensive income for the year	**14,442,612**	1,530,370

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

Chief Executive	Chief Financial Officer	Director

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE, 2020

	Note	30 June 2020	30 June 2019
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		36,477,492	15,724,626
Adjustments for:			
Depreciation of property and equipment	24	13,668,676	9,101,196
Depreciation on Right of use asset	24	6,486,786	-
Amortisation of intangible assets	24	387,835	394,999
Capital loss / (gain) on sale of investments	22	1,624,315	(4,120,029)
Unrealised loss / (gain) in the value of investments at 'fair value through profit or loss'	10.1	151,963	(1,129,744)
Mark-up on bank balances	26	(21,607,092)	(13,566,291)
Mark-up on investment in margin financing system	26	(2,706,027)	(4,475,311)
Mark-up under margin trading system	26	(1,226,611)	(2,491,939)
Markup on Term finance certificates	26	(612,199)	(250,113)
Profit on cash margin	26	(23,000,130)	(12,833,316)
Return on Government securities	26	(3,106,800)	-
Impairment reversal /(loss) on trade debts	12.1	(1,063,397)	6,664,425
Receivables written-off	24	93,918	1,005,594
Dividend income	26	-	(5,298,075)
Gain on disposal of property and equipment	26	-	(1,172,027)
Unwinding of security deposit	26	(202,244)	985,721
Finance cost	26	13,007,675	6,319,000
		(18,207,332)	(16,885,906)
Cash flows before working capital changes		18,270,160	(3,161,360)
Changes in working capital			
(Increase) / decrease in current assets			
Trade debts		22,941,686	(5,457,401)
Advances, deposits, prepayments and other receivables		(79,989,161)	(1,069,409)
		(57,047,475)	(6,526,810)
Increase / (decrease) in current liabilities			
Trade and other payables		(41,164,783)	1,400,542
Contract liabilities		(666,667)	666,667
Cash used in operating activities		(80,608,765)	(7,620,961)
Finance cost paid		(6,849,258)	(6,319,000)
Taxes paid		(11,344,711)	(20,029,070)
Net cash used in operating activities		(98,802,734)	(33,969,051)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property and equipments	4	(5,550,216)	(61,412,836)
Proceeds from sale of property and equipment		-	6,010,910
Payment for purchase of intangible assets	6.3	(80,000)	-
Payments against investment in margin financing system	11	(82,484,248)	(116,422,536)
Receipts from investment in margin financing system	11	103,760,364	159,774,868
Proceeds from sale of PSX shares		-	9,522,102
Investments - net		28,580,227	(18,856,365)
Mark-up received on bank balances and exposure margin		44,607,222	26,419,607
Mark-up received on investment in margin financing system		1,841,802	2,669,101
Mark-up received on investment in margin trading system		1,226,611	2,491,939
Markup on Term finance certificates		612,199	250,113
Return on Government securities		3,106,800	-
Dividend received		-	5,298,076
Other income		202,244	-
Long term deposits		(12,302,244)	5,649,921
Net cash generated from investing activities		83,852,461	21,394,877
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short term loans		-	72,625,507
Repayment of short term loans		-	(132,835,260)
Lease rental paid		(9,281,519)	-
Dividends paid		(2,061,557)	(9,184,635)
Net cash (used in) / generated from financing activities		(11,343,076)	(69,394,388)
Net (decrease) / increase in cash and cash equivalents		(26,293,349)	(81,968,562)
Cash and cash equivalents at beginning of the year		45,015,291	126,983,853
Cash and cash equivalents at end of the year		18,721,942	45,015,291
CASH AND CASH EQUIVALENTS COMPRISE OF:			
Cash and bank balances		168,720,288	245,002,260
Short term borrowing - secured		(149,998,346)	(199,986,969)
		18,721,942	45,015,291

The annexed notes 1 to 41 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 30 JUNE, 2020

	Issued, subscribed and paid-up capital	Discount on issue of shares	Revenue Reserve		Total
			Unappropriated Profit / (loss)	Fair value Reserve	
	(Rupees)				
Balance as at 01 July 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	-	-	(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
Transaction with owners of the company					
Adjustment on initial application of IFRS 16, net of tax	-	-	(2,520,775)	-	(2,520,775)
	450,000,000	(50,000,000)	(10,709,045)	3,243,582	392,534,537
Total comprehensive income for the year					
Profit for the year	-	-	17,794,313	-	17,794,313
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	-	-
Other comprehensive income	-	-	-	(3,351,701)	(3,351,701)
	-	-	17,794,313	(3,351,701)	14,442,612
Balance as at 30 June 2020	450,000,000	(50,000,000)	7,085,268	(108,119)	406,977,149

The annexed notes 1 to 41 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 repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company has obtained corporate membership from Pakistan Stock Exchange Limited ("the Exchange") on 2 February 2010 and was listed on the said Exchange on 27 April 2012.

The Company is a TREC holder of Pakistan Stock Exchange Limited and a member of Pakistan Mercantile Exchange Limited and is accredited broker by Financial Market Association of Pakistan. The Company is principally engaged in brokerage of shares, stocks, equity and debt securities, commodities, forex and other financial instruments and corporate finance services. Further, the Company is engaged in trading in equity and debt securities on its own account through ready, spot and forward counters of the stock exchange. The registered office of the Company is situated at 2nd Floor, Imperial court, Dr. Ziauddin Ahmed Road, Karachi. The branch office is situated at 63-A, Agora Eden city, Phase 8, Lahore.

1.1 Impact of COVID-19 on the financial statements

During the year, the novel coronavirus (COVID19) emerged. On 30 January 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a "Public Health Emergency of International Concern". The COVID19 pandemic had significantly impacted the economy around the world and this may continue to do so in the coming months. The scale and duration of this outbreak remains uncertain. The Government of Pakistan has taken various fiscal and regulatory stimulus measures to sustain economic activity during the period and mitigate its impact which provided both guidance on pandemic preparedness and regulatory relief to impacted industry units. Furthermore, the lifting of lockdown and normalisation of stock market enhanced the business and its financial performance as Pakistan Stock Exchange started to revive with increased trading activity as the business across the country started to show improved results which had earlier been at halt, resulting in increased brokerage income for the business.

The Company management is of the view that there has not been a significant impact on the carrying amounts of assets and liabilities or items of income and expenses, except that due to the COVID-19 impact, the carrying value of the Company's investments in the shares of Pakistan Stock Exchange have declined as disclosed in note 7, although the brokerage income and the related receivables have increased due to the gradual opening up of the economy.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

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

2.3 Functional currency and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

- Property and equipment (note 3.2 and 4);
- Right of use asset (note 5)
- Taxation (note 3.4 and 27);
- Provision against trade debts (note 3.5, 3.6 and 12);
- Contingencies (note 3.13, 20,27)

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

There are certain new and amended standards and interpretations that are mandatory for accounting periods beginning on or after 01 July 2019 other than those disclosed in note 3.1. These are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

- **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 January 2020:

  - 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 and 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 crystallize. 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.

  - Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

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

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 16 'Leases' from July 01, 2019. IFRS 16 has introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligations to make lease payments.

A. Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 'Determining whether an Arrangement contains a Lease'. Under IFRS 16, the Company determines whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of lease under IFRS 16 was applied only to contracts entered into or changed on or after July 1, 2019.

B. As a lessee

As a lessee, the Company previously classified leases as operating leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases, i.e. these leases are on-balance sheet. The Company has elected to apply the IFRS 16 requirements on the rented properties only. Low value assets, if there any, are and shall remain excluded from its application. The Company shall recognize the lease payments associated with any low value assets as an expense on a straight-line basis over the lease term.

i. Significant accounting policies

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain to be exercised.

The Company has applied judgement to determine the lease term for some lease contacts in which it is a lessee that includes renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

ii. Transition

Previously, the Company classified property leases as operating leases under IAS 17. The lease typically runs for a period of 3 to 10 years. Some leases include an option to renew the lease for an additional five years after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices.

At transition, lease liabilities were measured at the present value of the remaining lease payments discounted at the Company's incremental borrowing rate as at July 1, 2019. The Right-of-use assets were measured at the amount of leased liability, adjusted by the amount of prepaid lease payments recognised in the statement of the financial position immediately before the date of initial application.

The impact of adoption of IFRS 16 on the condensed interim statement of financial position as at 30 June 2020 is as follows:

	30 June 2020	1 July 2019
	(Rupees)	
Impact on Statement of Financial Position		
Increase in assets-Right of use assets	**32,924,557**	39,411,343
Increase in other assets-Deferred tax asset	**2,092,139**	1,029,612
	35,016,696	40,440,955
Increase in liabilities-Lease liabilities	**40,138,828**	42,961,730
Decrease in net assets	**5,122,132**	2,520,775

	30 June 2020 (Rupees)
Impact on Statement of Profit or Loss	
Increase in mark-up expense - lease liability against right of use assets	**6,458,617**
Increase / (decrease) in administrative expenses:	
Depreciation on right of use assets	**6,486,786**
Rent expense	**(9,364,860)**
Decrease in profit before tax	**3,580,543**
Decrease in tax	**1,038,357**
Decrease in profit after tax	**2,542,186**

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.

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 reporting date. Intangible assets with finite useful lives are amortised at straight line basis over the useful life of the asset (at the rate specified in note 6 to these financial statements).

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

3.7 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.

- Return on government securities is recognised as it accrues in the Statement of Profit or Loss, using the effective interest method.

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

3.10 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.

3.14.4 Financial liabilities

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

3.15 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 qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

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

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

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

3.16 Segment reporting

Segment results that are reported to the Company's Chief Executive Officer ('CEO') - the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items, if any, comprise mainly corporate assets , head office expenses, and tax assets and liabilities. Management has determined that the Company has a single reportable segment and therefore it has only presented entity wide disclosures.

4. PROPERTY AND EQUIPMENT

Description	Leasehold improvements	Furniture and fixtures	Vehicles	Computers and related accessories	Total
	30 June 2020				
	(Rupees)				
As at 30 June 2019					
Cost	36,395,939	18,593,563	14,221,739	24,249,753	93,460,994
Accumulated depreciation	(3,086,923)	(1,386,032)	(11,933,957)	(15,205,218)	(31,612,130)
Net book value	33,309,016	17,207,531	2,287,782	9,044,535	61,848,864
Additions during the year	-	1,100,361	3,959,000	490,855	5,550,216
Disposal					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
	-	-	-	-	-
Depreciation charge for the year	(7,400,508)	(1,932,200)	(1,341,911)	(2,994,057)	(13,668,676)
Net book value	25,908,508	16,375,692	4,904,871	6,541,333	53,730,404
As at 30 June 2020					
Cost	36,395,939	19,693,924	18,180,739	24,740,608	99,011,210
Accumulated depreciation	(10,487,431)	(3,318,232)	(13,275,868)	(18,199,275)	(45,280,806)
Net book value	25,908,508	16,375,692	4,904,871	6,541,333	53,730,404
Depreciation rates % per annum	20	10	20	20-33.33	

Description	Leasehold improvements	Furniture and fixtures	Vehicles	Computers and related accessories	Total
	'30 June 2019				
	(Rupees)				
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
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	

4.1 The cost of fully depreciated assets as at 30 June 2020 is Rs 4.449 million (2019: Rs 5.949 million).

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

5 LEASES	**30 June 2020 (Rupees)**

5.1 Right-of-use assets

As at July 1, 2019	-
Additions	39,411,343
Disposals	-
Depreciation expense	(6,486,786)
As at June 30, 2020	32,924,557
As at June 30, 2019	-

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

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

5.3 Lease Liabilities

Rental contracts are made for a fixed period subject to renewal upon mutual consent of Company and lessor. Wherever practicable the Company seeks to include extension option to provide operational flexibility. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. The future lease payments have been discounted using average borrowing rate of 17.12% as at 01 July 2019.

Set out below the carrying amount of lease liabilities and the movements during the year:	**30 June 2020 (Rupees)**
As at 01 July 2019	-
Additions	42,961,730
Disposal	-
Interest expense	6,458,617
Payments	(9,281,519)
As at 30 June 2020	40,138,828
Current	7,524,763
Non - current	32,614,065
	40,138,828
2019	-

Lease liabilities are payable as follows:

	Minimum lease payments	**Interest**	**Present value of minimum lease payments**
		(Rupees)	
Less than one year	9,893,858	2,369,095	7,524,763
Between one and five years	44,091,665	13,976,530	30,115,135
More than five years	7,230,453	4,731,523	2,498,930

6. INTANGIBLE ASSETS	*Note*	**30 June 2020**	30 June 2019
		(Rupees)	
Pakistan Mercantile Exchange - membership card		950,000	950,000
Trading Right Entitlement Certificate (TREC)	*6.1 & 6.2*	2,500,000	2,500,000
Software	*6.3*	86,112	423,747
		3,536,112	3,873,747

6.1 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 fulfill the requirement of Base Minimum Capital.

6.2 **Movement in Trading Right Entitlement Certificate (TREC)**

	Note	30 June 2020	30 June 2019
		(Rupees)	
Opening Carrying value		2,500,000	2,500,000
Impairment recognised during the year		-	-
Closing carrying value		2,500,000	2,500,000

6.3 **Software**

	30 June 2020	30 June 2019
Net carrying value basis		
Opening net book value	423,747	818,746
Additions	50,000	-
Amortisation charge	(387,635)	(394,999)
Closing net book value	86,112	423,747
Gross carrying value		
Cost	5,153,660	5,103,660
Accumulated amortisation	(5,067,548)	(4,679,913)
Net book value	86,112	423,747
Amortisation rate	33%	33%

7. **LONG TERM INVESTMENT**

		30 June 2020	30 June 2019
Investment in shares of Pakistan Stock Exchange Limited		10,703,821	14,055,522

30 June 2020	30 June 2019		Note	30 June 2020	30 June 2019
(Number of Shares)				(Rupees)	
1,081,194	1,602,953	Opening balance		10,811,940	16,029,530
-	(521,759)	Sold in market (32.55% shares)		-	(5,217,590)
1,081,194	1,081,194	Closing balance**	7.1	10,811,940	10,811,940

** ***Market value basis***

Book value as of 30 June 2020	10,811,940
Unrealized loss as of 30 June 2020 - OCI	(108,119)
Market value as of 30 June 2020	10,703,821

7.1 These shares were listed on PSX in the month of June 2017. Therefore, the same were carried at the market value.

8. LONG TERM DEPOSITS

	Note	30 June 2020	30 June 2019
		(Rupees)	
Pakistan Stock Exchange Limited	8.1	12,200,000	425,000
Central Depository Company of Pakistan Limited		125,000	125,000
National Clearing Company of Pakistan Limited		1,625,000	1,300,000
Pakistan Mercantile Exchange	8.2	1,250,000	1,250,000
Security deposit against office premises		1,393,523	1,191,279
Security deposit against PSO card		120,000	120,000
		16,713,523	4,411,279

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

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

9. DEFERRED TAX ASSET -net

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

	Note	30 June 2020	30 June 2019
Accelerated depreciation / amortisation		(261,733)	911,169
Unabsorbed depreciation / amortisation		1,037,720	1,591,811
Unrealised loss on investment		-	(169,462)
Liability against asset subject to finance lease		12,869,873	
Right of use asset		(9,548,122)	-
Provision for impairment on trade debts		3,328,455	3,636,840
	9.1	7,226,193	5,970,357

9.1 Reconciliation of deferred tax

	Balance as at 01 July 2018	Recognised in profit and loss account	Recognised in equity	Balance as at 30 June 2019	Recognised in profit and loss account	Recognised in equity	Balance as at 30 June 2020
	(Rupees)						
Deferred tax asset / (liability) arising due to:							
Accelerated tax depreciation / amortization	(339,248)	1,250,416	-	911,168	(1,172,901)	-	(261,733)
Right of use asset	-	-	-	-	(9,548,122)	-	(9,548,122)
Liability against asset subject to finance lease	-	-	-	-	11,840,260	1,029,613	12,869,873
Provision for impairment on trade debts	-	3,120,128	516,712	3,636,840	(308,385)	-	3,328,455
Unrealised loss / (gain) on investment	94,191	(263,653)	-	(169,462)	169,462	-	-
Unabsorbed depreciation / amortisation	1,646,701	(54,890)		1,591,811	(554,091)		1,037,720
	1,401,644	4,052,001	516,712	5,970,357	226,223	1,029,613	7,226,193

10. SHORT TERM INVESTMENTS

	Note	Fair value through P/L 30 June 2020	30 June 2019
		(Rupees)	
Listed equity securities	10.1	484,350	30,750,500
Term Finance Certificates	10.2	4,009,645	4,000,000
		4,493,995	34,750,500

10.1 Listed equity securities

30 June 2020	30 June 2019	Name of investee	30 June 2020 Carrying amount	30 June 2020 Market value	30 June 2019 Market value
(Number of shares)			(Rupees)		
-	50,000	Lucky Cement	-	-	19,023,500
-	200,000	Maple Leaf Cement Factory Limited	-	-	4,778,000
-	100,000	Sui Northern Gas Pipeline Company	-	-	6,949,000
5,000	-	Habib Bank Limited*	636,313	484,350	-
		Unrealised gain on re-measurement of investment classified as fair value through profit and loss account	(151,963)		-
5,000	350,000		484,350	484,350	30,750,500

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

10.2 Term Finance Certificates

30 June 2020	30 June 2019	Name of investee	30 June 2020 Carrying amount	30 June 2020 Market value	30 June 2019 Market value
(Number of certificates)					
802	800	Soneri Bank Limited	4,009,645	4,009,645	4,000,000

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

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

11. INVESTMENT IN MARGINAL FINANCING SYSTEM

This amount is given as a Margin Financing (MF) to our clients through National Clearing Company of Pakistan Limited. This amount is secured against securities of clients held in House accounts under pledged status. The Company is financing on Financing Participation Ratio (FPR) of maximum 75% and charging markup upto the rate of 1 month KIBOR + 8%.

	Note	30 June 2020	30 June 2019
		---------- (Rupees) ----------	
Investment in MF at beginning of the year		21,864,752	65,217,082
Total placements during the year		82,484,248	116,422,538
Total release against MF during the year		(104,626,889)	(164,250,179)
Realised income on MF		1,841,502	2,669,101
Unrealised income on MF		866,525	1,806,210
		(101,918,862)	(159,774,868)
Balance at end of the year		2,430,138	21,864,752

12. TRADE DEBTS

	Note	30 June 2020	30 June 2019
Receivable from clients on account of:			
- Purchase of shares on behalf of clients	12.2	94,654,272	123,971,107
- Brokerage commission			
- Equity shares		10,947,818	8,842,141
- Money market and forex		2,088,345	384,597
- Consultancy fee		8,266,816	10,089,836
-Provision for impairment on trade debts	12.1	(11,477,432)	(12,540,829)
		104,479,819	130,746,852
Receivable from National Clearing Company of Pakistan Limited		3,325,347	-
		107,805,166	130,746,852

12.1 Provision for impairment on trade debts

	30 June 2020	30 June 2019
Opening balance	12,540,829	2,094,639
Additional impairment on initial application of IFRS 9	-	1,781,765
	12,540,829	3,876,404
(Reversal)/impairment during the year - net	(1,063,397)	8,664,425
Closing balance	11,477,432	12,540,829

12.2 Aging analysis

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

	Note	Amount	Custody value
		---------- (Rupees) ----------	
Upto five days	12.3	72,174,916	1,072,891,980
More than five days	12.3	22,479,356	1,050,357,822
		94,654,272	2,123,249,802

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

13. **DEPOSITS AND PREPAYMENTS**

	Note	30 June 2020	30 June 2019
		(Rupees)	
Deposit against exposure margin	13.1	302,086,059	223,264,250
Deposit against Marginal Trading Services	13.2	10,339,530	8,893,398
Security deposits	13.3	347,250	1,128,679
Prepaid expenses		2,888,067	2,976,929
Sales tax receivables		499,382	366,827
Interest receivable against bank deposits		-	1,966,659
Mobilization advance	13.4	3,071,023	1,787,391
		319,231,311	240,384,133

13.1 This represents deposit with National Clearing Company of Pakistan Limited against the exposure margin in respect of trade in future and ready market. These deposits carry profit at rates ranging from 5.61% to 10.74% (30 June 2019: 3.5% to 9.35%) per annum.

13.2 This represents deposit with National Clearing Company of Pakistan Limited against the exposure margin against trade and sustained losses to date on Marginal Trading Services. These deposits carry profit at rates ranging from 5.61% to 10.74% (30 June 2019: 3.5% to 9.35%) per annum.

13.3 This includes security deposit against leased assets.

13.4 This amount is paid to supplier for office renovation.

14. **ADVANCES AND OTHER RECEIVABLES**

	Note	30 June 2020	30 June 2019
		(Rupees)	
Considered good			
Advance against salary - secured		75,107	215,027
Other receivables and advances - unsecured		4,519,707	3,243,303
		4,594,814	3,458,330

15. **CASH AND BANK BALANCES**

	Note	30 June 2020	30 June 2019
Balances with banks:			
Savings accounts - profit and loss account	15.1	135,146,837	198,273,222
Current accounts - Conventional		31,634,064	36,475,310
Current accounts - Shariah compliant		1,906,262	10,215,968
	15.2	168,687,163	244,964,500
Cash in hand		31,125	37,760
		168,718,288	245,002,260

15.1 Profit rate on savings accounts ranges from 6.61% to 11.74% per annum (30 June 2019: 4.5% to 10.35% per annum).

15.2 This include Rs. 136.126 million (30 June 2019: Rs. 204.004 million) kept in designated bank accounts maintained on behalf of clients.

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

Issued, subscribed and paid-up capital

	30 June 2020	30 June 2019
Ordinary shares of Rs. 10 each fully paid in cash	450,000,000	450,000,000

17 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 profit / (losses)	Fair value reserve	Total
	(Rupees)								
Balance as at 01 July 2019	-	-	5,117,003	225,096,797	450,000,000	(50,000,000)	(8,188,270)	3,243,582	625,221,022
Liability - related									
Proceeds from Short term loan	-	-	-	-	-	-	-	-	-
Payment of Short term loan	-	-	-	-	-	-	-	-	-
Changes in Unclaimed Dividend	-	-	(2,061,557)	-	-	-	-	-	(2,061,557)
Payment of liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	(48,090)
Changes in Trade and other payables	-	-	-	(41,164,783)	-	-	-	-	(41,164,783)
Profit for the year	-	-	-	-	-	-	17,794,313	-	17,794,313
Adjustment on initial application of IFRS 16, net of tax							(2,520,775)		(2,520,775)
Other comprehensive income	-	-	-	-	-	-	-	(3,351,701)	(3,351,701)
	-	-	(2,061,557)	(41,164,783)	-	-	15,273,538	(3,351,701)	(31,352,593)
Balance as at 30 June 2020	-	-	3,055,446	183,932,014	450,000,000	(50,000,000)	7,085,268	(108,119)	593,868,429

18. SHORT TERM BORROWING - SECURED

	Note	30 June 2020	30 June 2019
		(Rupees)	
Short term running finance - secured	*18.1*	149,996,346	199,986,969

18.1 Running finance facility of Rs. 150 million (30 June 2019: Rs. 250) has been obtained by the Company from schedule bank having expiry on 30 June 2021 and is secured against charge over present and future current assets of the Company. The mark-up on the facility is payable quarterly at 3 month KIBOR + 3.5% (30 June 2019: 3 month KIBOR + 3.5%).

19. TRADE AND OTHER PAYABLES

	Note	30 June 2020	30 June 2019
		(Rupees)	
Trade creditors	19.1 & 19.2	172,651,473	197,364,754
Payable to National Clearing Company of Pakistan Limited	19.2	-	8,307,611
Accrued commission to traders	19.3	1,849,820	1,333,897
Accrued salaries and other expenses		4,960,689	1,432,202
Payable to auditors		570,000	900,000
Tax deducted at source		1,337,291	1,601,691
Commission payable	19.4	78,252	8,424,968
Accrued expenses		530,950	576,767
Accrued markup		470,544	1,940,496
Other payables		1,482,995	3,214,411
		183,932,014	225,096,797

19.1 This includes trade payable of Rs. 13.477 million (30 June 2019: Rs. 2.834 million) payable to related parties.

19.2 This includes Rs. Nil (30 June 2019 Rs. 0.059 million) trade payable in respect of two days trading with T+2 settlement.

19.3 This includes commission payable of Rs. 0.395 million (30 June 2019: Rs. 0.537 million) to related parties.

19.4 This represents commission payable to a foreign brokerage house.

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

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

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

The Sindh Revenue Board has passed an order on 11 October 2019 in respect of short declaration of revenue on which short paid sales tax amounting to Rs. 6,347,286/- was computed for the tax period from July 2013 to June 2014. The Company filed appeal before the Commissioner Appeals (SRB) against the said order and also filed the petition S.T.R.A. No. 6/2016 against the order to the Honourable High Court of Sindh ("The Court"). Appeal and petition both are pending for hearings with Commissioner Appeals and the Court.

The Sindh Revenue Board has passed an order on 30 June 2020 in respect of short declaration of revenue on which short paid sales tax amounting to Rs. 1,817,282/- was computed for the tax period from July 2012 to June 2013. The Company filed appeal before the Commissioner Appeals (SRB) against the said order and also filed the petition against the order to the Honourable High Court of Sindh ("The Court") to add this case in earlier petition due to similar grounds of both orders. Appeal and petition both are pending for hearings with Commissioner Appeals and the Court.

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

20.1.2 The Sindh Revenue Board issued notice to the Company in respect of short payment of sales tax for the tax periods from July 2011 to June 2016 amounting to Rs. 22.382 million. The Company provided all the relevant details and explanation to the SRB and also paid tax amounting to Rs. 6.509 million along with penalty and default surcharge amounting to Rs. 0.375 million under the amnesty scheme provided through notification no. SRB-3-4/11/2018 dated May 18, 2018.

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

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

20.2 Commitments

	30 June 2020	30 June 2019
	(Rupees)	
For sale of quoted securities under future contracts against counter commitments	22,117,820	13,520,412,425
For purchase of quoted securities under future contracts against counter commitments	91,275,940	13,914,016,050

21. OPERATING REVENUE

	Note	30 June 2020	30 June 2019
		(Rupees)	
Brokerage income	21.1 & 21.2	176,801,924	153,203,761
Advisory / consultancy fee		44,472,055	41,875,658
Debt capital market services		-	1,889,883
Revenue including sales tax on services	21.3	221,273,979	196,969,322
Less: Sales tax on services		25,456,299	22,660,188
Net revenue excluding sales tax on services		195,817,680	174,309,134

21.1 Brokerage income - net of sales tax

Equity brokerage		
- Institutional customers	58,642,247	58,343,446
- Retail Clients	97,819,009	77,235,121
	156,461,256	135,578,567

21.2 This includes brokerage earned from related parties amounting to Rs. 0.822 million (30 June 2019: Rs. 1.965 million).

21.3 This amount is inclusive of the sales tax.

22. CAPITAL (LOSS) / GAIN ON SALE OF INVESTMENTS

(Loss) / Gain on sale of investments	(1,524,315)	4,120,029
	(1,524,315)	4,120,029

23. OPERATING EXPENSES

	Note	30 June 2020	30 June 2019
Salaries, wages and other benefits		49,446,943	45,642,668
Consultancy fee	23.1	3,736,141	1,595,992
Sub-underwriting commission	23.2	1,589,113	-
Commission and referral fee	22.3	34,580,959	28,730,340
Service and transaction charges		14,302,369	14,003,890
Fees and subscription		9,991,191	10,662,241
		113,646,716	100,635,131

23.1 This includes consultancy fee to the Directors of the Company amounting to Rs. 0.5 million (30 June 2019: Rs. 0.761 million).

23.2 This expense was paid as per underwriting agreement entered with several parties this includes trasaction with Director of Rs. 0.863 million

23.3 This includes commission to the Directors of the Company amounting to Rs. 17.480 million (30 June 2019: Rs. 18.597 million).

24. ADMINISTRATIVE EXPENSES

	Note	30 June 2020	30 June 2019
Salaries, wages and other benefits	25.1	37,302,080	34,432,188
Telephone and communication charges		4,308,126	4,643,418
Rent rates and taxes		-	13,331,587
Utility charges		2,036,016	1,924,624
Vehicle running expenses		2,380,363	2,661,524
Depreciation	4	13,668,676	9,101,198
Depreciation on right of use asset	5	6,486,786	-
Amortisation	6.3	387,635	394,999
Legal and professional charges		1,497,700	670,971
Insurance		1,960,426	1,950,494
Printing, stationery and postage charges		995,096	1,382,085
Office supplies		637,074	754,623
Office repair and maintenance		1,298,395	2,037,168
Fees and subscription		2,046,388	2,183,832
Travelling and entertainment charges		2,811,497	4,006,366
Advertisement expenses		-	123,738
Auditor's remuneration	25.2	897,119	1,099,876
Security		3,464,474	3,757,136
Receivables written off		93,918	1,005,594
Generator Fuel		92,014	56,924
Unwinding of security deposit		-	985,721
Miscellaneous		2,174,036	1,818,829
		84,537,819	88,322,895

24.1 This includes remuneration to Chief Executive Officer amounting to Rs. 20.175 million (30 June 2019: Rs. 12.979 million).

24.2 **Auditors' remuneration**

	Note	30 June 2020	30 June 2019
		(Rupees)	
Audit fee		450,000	450,000
Half yearly review		150,000	150,000
Other services / certifications		240,000	400,000
Out of pocket expenses		57,119	99,876
		897,119	1,099,876

25. FINANCE COST

	Note	30 June 2020	30 June 2019
Mark up charges	25.1	5,953,743	4,886,958
Interest on lease liabilities		6,458,617	-
Bank charges		595,515	1,432,042
		13,007,875	6,319,000

25.1 This includes Rs. Nil (30 June 2019: Rs.1.593 million) paid to related parties.

26. OTHER INCOME

	30 June 2020	30 June 2019
Mark-up / interest on:		
- Bank balances - profit and loss account	21,607,092	13,586,291
- Income Under Margin Financing System	2,708,027	4,475,311
- Income Under Margin Trading System	1,226,611	2,491,939
- Term Finance Certificates	612,199	250,113
- Return on Government securities	3,108,800	-
Profit on cash margin	23,000,130	12,833,316
Dividend income	-	5,298,075
Gain on disposal of property and equipment	-	1,172,027
Others	202,244	-
	52,465,103	40,107,072

27. TAXATION

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

	30 June 2020	30 June 2019
Profit before taxation	36,477,492	15,724,528
Tax at the applicable tax rate of 29% (30 June 2019: 29%)	10,578,473	4,560,113
Tax effect of income taxed at different tax rates	12,102,790	1,679,706
Tax effect of amount relating to prior year	(3,998,084)	1,269,938
Tax effect of minimum tax and Alternate Corporate Tax (ACT)	-	2,908,215
	18,683,179	10,417,972

27.1.1 The income tax returns of the Company have been filed up to tax year 2019 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit.

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

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

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

The Company 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 for the year		17,794,313	5,306,556
		(Number)	
Weighted average number of ordinary shares in issue during the year	16	45,000,000	45,000,000
		(Rupees)	
Earnings per share basic and diluted		0.40	0.12

28.1 There is no dilutive impact on earnings per share.

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 2020	30 June 2019
	(Rupees)	
Short term loan from related parties		
Opening balance	-	41,256,011
Received during the year	-	71,744,828
Repayments during the year	-	(113,000,839)
Closing balance	-	-
Interest on short term loan		
Interest accrued during the year	-	1,592,848
Interest paid during the year	-	(1,592,848)
	-	-

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 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	(Rupees)					
Managerial remuneration	14,675,581	8,979,000	-	6,457,106	28,568,363	19,930,991
House rent allowance	4,400,000	3,200,000	-	1,256,444	10,192,688	7,208,396
Medical	1,100,000	800,000	-	314,111	2,548,172	1,802,099
Commission	-	-	17,480,137	18,597,309	4,194,039	2,645,963
Consultancy fee	-	-	500,000	760,992	-	-
Sub-underwriting commission	-	-	863,016	-	103,728	-
Directors' fees	-	-	-	-	-	-
	20,175,581	12,979,000	18,843,153	27,385,962	45,606,990	31,587,449
Number of Persons	1	1	4	3	12	10

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

30.2 Commission and consultancy fees includes amount paid to non-executive directors of the Company, amounting Rs. 17.480 million (30 June 2019 : Rs.18.330 million) and Rs. 0.500 million (2019 : Rs.0.761 million), respectively.

30.3 No fees is paid to directors for attending meetings.

31. FINANCIAL RISK MANAGEMENT

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

Risk management framework

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

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

31.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises principally from its trade debts, long term deposits, advances, deposits and other receivables and bank balances. The carrying amount of these financial assets represents the maximum credit exposure.

Credit risk management

To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected from and maintained by the clients. The Management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful for recovery.

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

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

The maximum exposure to credit risk before any credit enhancements at 30 June 2020 is the carrying amount of the financial assets as set out below:

	Note	**30 June 2020**	30 June 2019
		(Rupees)	
Long term deposits	*8*	**16,713,523**	4,411,279
Investment in marginal financing system	*11*	**2,430,138**	21,864,752
Trade debts	*12*	**104,479,819**	130,746,852
Advances	*14*	**75,107**	215,027
Deposits	*13.1, 13.2 & 13.3*	**312,772,839**	233,286,327
Other receivables	*14*	**4,519,707**	3,243,303
Cash and Bank balances	*15*	**168,718,288**	245,002,260
		609,709,421	638,769,800
Secured		**2,505,245**	22,079,779
Unsecured		**607,204,176**	616,690,021
		609,709,421	638,769,800

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

	2020		2019	
	Gross	**Impairment**	Gross	Impairment
	(Rupees)		(Rupees)	
Not past due	**75,897,859**	**-**	129,135,767	1,335,156
Past due 15 - 30 days	**3,697,211**	**8**	874,171	262,295
Past due 31 days - 180 days	**24,061,771**	**108,404**	2,446,793	1,199,927
Past due 180 days - 365 days	**1,170,571**	**239,183**	1,369,499	689,626
More than 365 days	**11,129,839**	**11,129,837**	9,461,451	9,053,825
	115,957,251	**11,477,432**	143,287,681	12,540,829

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 2020 (Rupees)	(%)
MCB Bank Limited	PACRA	A-1+	AAA	161,942,769	96.0%
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	3,175,512	2.0%
Bank Alfalah Limited	PACRA	A-1+	AA+	102,145	0.1%
The Bank of Punjab	PACRA	A-1+	AA	203,792	0.1%
Meezan Bank Limited	VIS	A-1+	AA+	1,906,262	1.1%
Habib Bank Limited	VIS	A-1+	AAA	391,212	0.2%
JS Bank Limited	PACRA	A-1+	AA-	59,435	0.0%
Askari Bank	PACRA	A-1+	AA+	3,814	0.0%
Sindh Bank	VIS	A-1	A+	-	0.0%
Bank Al Habib Limited	PACRA	A-1+	AA+	823,222	0.5%
United Bank Limited	VIS	A-1+	AAA	79,000	0.0%
				168,687,163	100%

	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%

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 2020					
		Maturities				
	Carrying amount	Contractual cash flows	Less than six months	Upto one year	One to two years	Two to five years
	(Rupees)					
Unclaimed dividend	3,055,446	(3,055,446)	(3,055,446)	-	-	-
Trade and other payables	183,932,014	(183,932,014)	(183,932,014)	-	-	-
Short term borrowing	149,996,346	(149,996,346)	(149,996,346)	-	-	-
	336,983,806	(336,983,806)	(336,983,806)	-	-	-

	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-unsecured	225,763,464	(225,763,464)	(225,763,464)	-	-	-
Trade and other payables	199,986,969	(199,986,969)	(199,986,969)	-	-	-
	430,867,436	(430,867,436)	(430,867,436)	-	-	-

On the balance sheet date, the Company has cash and bank balances of Rs. 168.718 million (2019: Rs. 245.002 million).

31.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

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

Market risk management

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

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

Interest rate risk

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

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

	Effective Interest Rate		Carrying Amount	
	2020	2019	2020	2019
Variable rate instruments	(Percentage)		(Rupees)	
Financial assets				
Bank balances	6.61% to 10.35%	4.5 to 10.35%	135,146,837	198,273,222
Fixed rate instruments				
Deposits with National Clearing Company of Pakistan Limited	5.61% to 10.74%	3.5% to 9.35%	312,425,589	232,157,646

Fair Value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 30 June 2019.

	Profit and loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	(Rupees)		(Rupees)	
As at 30 June 2020				
Variable rate instruments	1,351,468	(1,351,468)	1,351,468	(1,351,468)
As at 30 June 2019				
Variable rate instruments	1,982,732	(1,982,732)	1,982,732	(1,982,732)

Price risk

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

The table below summarises the Company's equity price risk as of 30 June 2020 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 2020	**11,188,171**	**10% increase**	**12,306,988**	**48,435**	**1,070,382**	**1,118,817**
		10% decrease	**10,069,354**	**(48,435)**	**(1,070,382)**	**(1,118,817)**
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)

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 2020						
	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	-	10,703,521	-	-	10,703,521		
Listed equity securities	484,350	-	-	-	484,350		
Term finance certificates	4,009,645					4,009,645	
Financial assets not measured at fair value							
Long term deposits	-	-	16,713,523	-			
Trade debts - considered good	-	-	104,479,919	-			
Investment in marginal financing			2,430,138				
Deposits and prepayments	-	-	319,231,311	-			
Advances and other receivables	-	-	4,594,614	-			
Cash and bank balances	-	-	168,718,288	-			
	4,493,995	10,703,521	816,167,893	-			
Financial liabilities not measured at fair value							
Short term loan from related from related parties - unsecured	-	-	-	-			
Short term loan - unsecured	-	-	-	-			
Unclaimed dividend	-	-	-	3,055,446			
Trade and other payables	-	-	-	183,832,014			
Short term borrowing	-	-	-	149,996,346			
	-	-	-	336,883,806			

On balance sheet financial instruments	30 June 2019						
	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 shares of Pakistan Stock Exchange Limited	-	14,055,522	-	-	14,055,522		
Listed equity securities	30,750,500	-	-	-	30,750,500		
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	-			
	34,750,500	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			
	-	-	-	430,867,436			

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 2020 are located in Pakistan.

35. 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 2020, the Company is required to maintain BMC of

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 2020 (Rupees)
Cash		12,200,000
Trading Right Entitlement Certificates		2,500,000
Margin eligible securities	35.1	4,966,500
Securitized 1,081,194 shares at Rs. 7.18 per share (Rs. 9.90 * 72.5%)	35.2	7,760,270
		15,226,770

35.1 These represent shares of K-Electric Limited owned by Director of the Company.

35.2 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).

36. NET CAPITAL BALANCE

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

Description	Valuation Basis	Note		
Current Assets				
Cash in hand, bank balances	As per book value	36.2		186,718,288
Cash deposited as margin with Pakistan Stock Exchange Limited (PSX) and National Clearing Company of Pakistan Limited NCCPL	As per book value	36.3		312,425,589
Investment in listed securities in the name of broker	At market value	36.4	484,350	
	Less: Securities not in exposure		-	
	Less: Securities in exposure list marked to market less 15% discount		(72,653)	411,697
Listed TFCs / Corporate Bonds of not less than BBB grade assigned by credit rating company in Pakistan	At market value	36.5	4,009,646	
	Less: Marked to market less 10% discount		400,965	4,410,611
Trade debts	As per book value	36.5.1	111,357,575	
	Less: Overdue for more than 14 days		(31,568,331)	79,789,244
				583,755,429
Current Liabilities				
Trade payables	As per book value	36.7	172,651,473	
	Less: Overdue for more than 30 days		(59,635,021)	113,016,452
Other liabilities	As per book value	36.8		
	- Trade payables overdue for more than 30 days		59,635,021	
	- Short term borrowing		149,996,346	
	- Accrued expenses and others		21,860,750	231,492,117
				344,508,569
Net Capital Balance as at 30 June 2020				221,246,860

36.1 Basis of accounting

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

36.1.2 Basis of accounting

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

Description	Valuation Basis
Bank balances and cash deposit	As per book value
Trade debts	Book value less those overdue for more than fourteen days.
Investment in listed securities in the name of broker	Securities on the exposure list marked to market less 15% discount.
Any other assets as specified by the Commission	As per the valuation basis determined by the Commission.
Trade payables	Book value less those overdue for more than 30 days.
Other liabilities	As classified under the generally accepted accounting

36.2 Cash in hand, bank balances and cash deposit- stated at book value

Cash in hand	31,125
Bank balances pertaining to:	
Next Capital Limited	
- Current account	31,634,516
- Profit and loss sharing account	926,865
- Excess balance in Clients' bank account	-
Clients - current account and profit and loss sharing account	136,125,782
	168,718,288

36.2.1 Trade liability balance is more than the client's current account balance as the transactions under T+2 basis were settled subsequent to the year end on the due date.

36.3 Cash deposited as margin with PSX and NCCPL

	Note	
Deposit against exposure margin	36.3.1	302,086,059
Deposit against Marginal Trading Services	36.3.2	10,339,530
		312,425,589

36.3.1 This represents margin deposit with NCCPL consist of amounting Rs. 213.539 million against Futures Market, Rs.81.6 million against Regular T+2 market and Rs. 6.946 million against Bonds Automated Trading System(BATS) market

36.3.2 This represents deposit with National Clearing Company of Pakistan Limited against Marginal Trading System and Margin Financing.

36.3.3 Deposits held with PSX and NCCPL as basic deposits have not been included as per the clarifications issued by Securities and Exchange Commission of Pakistan (SECP).

36.4 Investment in listed shares

	Quantity	Rate	Amount
Habib Bank Limited	5,000	96.87	484,350
Haircut @ rate of 15%			(72,653)
			411,697

36.5 Listed TFCs

	Quantity	Rate	Amount
Soneri bank limited - Term Finance Certificates	802	5,000	4,009,646
less: Listed TFCs marked to market less 10% discount			(400,965)
			3,608,681

36.6 Trade Debts

These are valued at cost less bad and doubtful debts (if any) and debts outstanding for more than 14 days.

	Note	
Total receivable	36.6.1	111,357,575
Less: Receivables other than brokerage business	36.6.2	-
Total trade receivables		111,357,575
Less: Over due for more than 14 days		(31,568,331)
Balance generated within 14 days and/or not yet due		79,789,244

36.6.1 The break up of total receivable is as follows:

	Note	
Purchases of shares on behalf of clients	36.6.3	105,602,090
Investments in Marginal Financing	36.6.4	2,430,138
Receivable from NCCPL		3,325,347
		111,357,575

36.6.2 Amount receivable other than brokerage business is not included for the purpose of Net Capital Balance in accordance with clause 2.7 of clarification / guidelines issued by SECP dated 03 July 2013.

36.6.3 These represent value of shares appearing in clients respective sub account to the extent of overdue balances for more than 14 days or value of securities, whichever is less in accordance with the clarifications / guidelines issued by SECP.

36.6.4 Investment in Marginal Financing

This amount is given as a Margin Financing System (MFS) to clients through National Clearing Company of Pakistan Limited. This amount is secured against securities of clients held in House accounts under pledged status. The Company is financing on Financing Participation Ratio (FPR) of maximum 75% and charging markup at the rate of 1 month KIBOR + 8%.

36.7 Trade payables

These represents balances due to customers in respect of trading of shares less trade payable balances overdue for more than 30 days and loan account balance which have been included in other liabilities.

36.8 Other liabilities

These represents current liabilities, other than trade payable which are due with in 30 days and the amount classified as loan account. Other liabilities are stated at book value.

Unclaimed Dividend	3,056,446
Accrued commission to traders	1,849,820
Accrued salaries and other expenses	4,960,689
Auditor's remuneration	570,000
Tax deducted at source	1,337,291
Commission payable	78,252
Markup payable	470,544
Other payables	1,482,995
Accrued expenses	530,950
Current portion of lease liabilities	7,524,763
	21,860,750

37 **LIQUID CAPITAL BALANCE**

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

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	86,654,961	100.00%	-
1.2	Intangible Assets	3,536,112	100.00%	-
1.3	Investment in Govt. Securities	-		-
1.4	**Investment in Debt. Securities**	-		
	If listed than:	-		
	i. 5% of the balance sheet value in the case of tenure upto 1 year	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years	-	7.50%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years	4,009,645	10.00%	3,608,681
	If unlisted than:	-		
	i. 10% of the balance sheet value in the case of tenure upto 1 year	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years	-	15.00%	-
1.5	**Investment in Equity Securities**			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	484,350	411,697	411,697
	ii. If unlisted, 100% of carrying value.	-	100.00%	-
	iii.Subscription money against investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been alloted or are not included in the investments of securities broker.	-		
	iv.100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	10,703,821	100.00%	-
1.6	Investment in subsidiaries	-	100.00%	-
1.7	**Investment in associated companies/undertaking**	-		
	i. If listed 20% or VaR of each securities as computed by the Securites	-		-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	16,713,523	100.00%	-
1.9	Margin deposits with exchange and clearing house.	312,425,589		312,425,589
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-		-
1.11	Other deposits and prepayments	6,805,722	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-		-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	100.00%	-
1.13	Dividends receivables.	-		-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (***Securities purchased under repo arrangement shall not be included in the investments.***)	-		-
1.15	Receivables other than trade receivables	74,167,629	100.00%	-
1.16	**Receivables from clearing house or securities exchange(s)**	-		
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-		-
1.17	**Receivables from customers**	-		
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. ***i. Lower of net balance sheet value or value determined through adjustments***	2,430,138	945,293	945,293
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. ***ii. Net amount after deducting haircut***	-	5.00%	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	iii. Incase receivalbes are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, ***iii. Net amount after deducting haricut***	-		-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. ***iv. Balance sheet value***	97,450,006	72,995,786	72,995,786
	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. ***v. Lower of net balance sheet value or value determined through adjustments***	-		-
	vi. 100% haircut in the case of amount receivable form related parties.	-	100.00%	-
1.18	**Cash and Bank balances**	-		
	I. Bank Balance-proprietory accounts	32,561,381		32,561,381
	ii. Bank balance-customer accounts	136,125,782		136,125,782
	iii. Cash in hand	31,125		31,125
1.19	**Total Assets**	**784,099,784**		**559,105,334**
2. Liabilities				
2.1	**Trade Payables**			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	172,651,473	-	172,651,473
2.2	**Current Liabilities**			
	i. Statutory and regulatory dues	1,337,291	-	1,337,291
	ii. Accruals and other payables	9,943,250	-	9,943,250
	iii. Short-term borrowings	149,996,346	-	149,996,346
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	7,524,763	-	7,524,763
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	3,055,446	-	3,055,446
2.3	**Non-Current Liabilities**			-
	i. Long-Term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Other liabilities as per accounting principles and included in the financial statements	32,614,065	-	32,614,065
2.4	**Subordinated Loans**	-	-	-
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	-	-	-
2.5	**Total Liabilites**	**377,122,634**		**377,122,634**
3. Ranking Liabilities Relating to :				
3.1	**Concentration in Margin Financing**			
	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	2,430,138	-	2,430,138
3.2	**Concentration in securites lending and borrowing**			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (Ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
3.3	**Net underwriting Commitments**			
	(a) in the case of right issuse : if the market value of securites is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issuse where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting	-	-	-
	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-
3.4	**Negative equity of subsidiary**			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.5	**Foreign exchange agreements and foreign currency positions**			
	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.7	**Repo adjustment**			
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securites. **In the case of financee/seller** the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
3.8	**Concentrated proprietary positions**			
	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position,then 10% of the value of such security	4,009,650	-	400,965
3.9	**Opening Positions in futures and options**			
	i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts	-	-	-
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
3.10	**Short sell positions**			
	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. Incase of proprietory positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	**Total Ranking Liabilites**	6,439,788	-	2,831,103
		400,537,362	**Liquid Capital**	**179,151,597**

Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.19)	559,105,334
(ii) Less: Adjusted value of liabilities (serial number 2.5)	(377,122,634)
(iii) Less: Total ranking liabilities (series number 3.11)	(2,831,103)
	179,151,597

38. RESEARCH ANALYST

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

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

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

39 CORRESPONDING FIGURES

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

40. NUMBER OF EMPLOYEES

The total employees at year end were 46 (30 June 2019: 54) and the average number of employees during the year was 49 (30 June 2019: 56).

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 7th October 2020 by the Board of Directors of the Company.

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

NEXT CAPITAL LIMITED
CATEGORIES OF SHAREHOLDING
AS AT JUNE 30, 2020

SNO.	Shareholders Category	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)	13,499,249	30.00
2	Associated Companies, Undertakings and related Parties (to be confirm by Company)		
3	NIT and ICP		
4	Banks, Development Financial Institutions, Non Banking I	4,360,500	9.69
5	Insurance Companies		
6	Modarabas and Mutual Funds	970,250	2.16
7	Share holders holding 10%	12,368,250	27.49
8	General Public :		
	a. local	20,876,375	46.39
	b .Foreign		
9	Others	5,293,626	11.76
	Total (excluding : share holders holding 10%)	**45,000,000**	**100.00**

NEXT CAPITAL LIMITED
PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2020

NO OF SHAREHOLDERS	NO. OF SHARESHOLDINGS FROM	NO. OF SHARESHOLDINGS TO	Total Shares
113	1	100	758
210	101	500	103,322
58	501	1,000	54,551
133	1,001	5,000	336,374
55	5,001	10,000	450,375
18	10,001	15,000	240,500
15	15,001	20,000	277,500
7	20,001	25,000	161,625
6	25,001	30,000	177,000
3	30,001	35,000	100,500
6	35,001	40,000	226,995
1	40,001	45,000	45,000
6	45,001	50,000	297,000
3	50,001	55,000	157,500
2	55,001	60,000	120,000
1	60,001	65,000	63,000
1	65,001	70,000	70,000
1	75,001	80,000	76,500
1	80,001	85,000	82,500
1	90,001	95,000	95,000
4	95,001	100,000	394,500
1	100,001	105,000	101,250
1	125,001	130,000	126,000
1	130,001	135,000	135,000
1	135,001	140,000	140,000
1	165,001	170,000	169,000
1	185,001	190,000	185,500
1	190,001	195,000	192,000
1	195,001	200,000	200,000
1	205,001	210,000	210,000
1	225,001	230,000	228,000
1	235,001	240,000	240,000
1	240,001	245,000	245,000
1	260,001	265,000	265,000
1	270,001	275,000	275,000
1	295,001	300,000	295,500
1	315,001	320,000	319,500
1	345,001	350,000	345,500
1	375,001	380,000	375,250
2	495,001	500,000	1,000,000
1	590,001	595,000	595,000
1	1,075,001	1,080,000	1,080,000
1	1,100,001	1,105,000	1,100,250
1	1,830,001	1,835,000	1,834,500
1	2,880,001	2,885,000	2,884,000
1	3,370,001	3,375,000	3,375,000
1	4,320,001	4,325,000	4,325,000
1	4,360,001	4,365,000	4,360,500
1	4,495,001	4,500,000	4,499,500
1	12,365,001	12,370,000	12,368,250
675			**45,000,000**

NEXT CAPITAL LIMITED
Pattern of Shareholding as at 30 June 2020

Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)

SNO.	NAME		HOLDING
1	MR. MUHAMMAD ZULQARNAIN MAHMOOD KHAN		2,250
2	MRS. HANNA KHAN		1,100,812
3	MR. MUHAMMAD ZUBAIR ELLAHI		562
4	MR. HASAN SHAHNAWAZ		2,250
5	MUHAMMAD NAJAM ALI		12,368,250
6	MALIK KHURRAM SHAHZAD		1,000
7	TARIQ WASEEM GHAZI		24,125
		TOTAL >>	13,499,249

Banks, Development Financial Institutions, Non Banking Financial Institutions

SNO.	NAME		HOLDING
1	MCB BANK LIMITED - TREASURY		4,360,500
		TOTAL >>	4,360,500

Modarabas and Mutual Funds

SNO.	NAME		HOLDING
1	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND		375,250
2	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		595,000
		TOTAL >>	970,250

Others

SNO.	NAME		HOLDING
1	ASIAN SECURITIES LIMITED		7,000
2	STANDARD CAPITAL SECURITIES (PVT) LIMITED		25,000
3	SARFRAZ MAHMOOD (PRIVATE) LTD		500
4	MAPLE LEAF CEMENT FACTORY LTD		3,375,000
5	MAPLE LEAF CAPITAL LIMITED		1
6	MIDDLE EAST NORTH AFRICA FINANCIAL INVESTMENTS W.L.L.		1,080,000
7	ABBAS CORPORATION (PVT) LIMITED		500,000
8	NCC - PRE SETTLEMENT DELIVERY ACCOUNT		100,000
9	ARIF HABIB LIMITED		35,000
10	ABA ALI HABIB SECURITIES (PVT) LIMITED		5,625
11	MRA SECURITIES LIMITED - MF		47,000
12	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LTD. - MF		20,000
13	BAWANY SECURITIES (PRIVATE) LIMITED - MF		98,500
		TOTAL >>	5,293,626

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 08, 2020 at 1:45 pm 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 __________________ 2020

Revenue Stamp Rs.5/=	Specimen Signature of Proxy
	Folio No. ____________
	Participant I.D. No. ____________
	Sub Account No. ____________

Signature of Shareholder	Signature of Alternate Proxy
Folio No. ____________	Folio No. ____________
Participant I.D. No. ____________	Participant I.D. No. ____________
Sub Account 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

NEXT CAPITAL

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۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

اوربطور رکن Next Capital Limited۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔حامل کمپیوٹرائزڈ شناختی کارڈ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔کو

مورخہ 08 اکتوبر 2020 کو منعقد ہونے والے اجلاس عام اوراس کے کسی ملتوی شدہ اجلاس کے لیے میرا/ ہماری جانب سے ووٹ ڈالنے کے لیے بطور نمائندہ (پراکسی) تقرر کرتا ہوں/کرتے ہیں۔

گواہان کی موجودگی میں میرے/ ہمارے/ ہماری دستخط/ مہر بروز۔۔۔۔۔۔۔۔۔۔۔۔ 2020 کو ثبت کیے گئے/کی گئی۔

گواہان 2020

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 اوردستخط 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/ پاورآف اٹارنی (مختارنامہ (منظور شدہ دستخط کے ساتھ پراکسی فارم کے ہمراہ جمع کی جائے گی۔

iii. سینٹرل ڈپازیٹری سسٹم کے تحت فزیکل ٹرانسفر اور ڈپازٹ کی درخواست مورخہ 20 اکتوبر 2020 کو کاروباری اوقات کے اختتام تک کمپنی کے رجسٹرار کے دفتر میں موصول ہونے کی صورت میں اسے اجلاس میں حاضر ہونے، شرکت کرنے اور ووٹ دینے کی اہلیت کیلئے بروقت تصور کیا جائے گا۔

iv. ممبرز سے درخواست ہے کہ وہ اپنے CNIC کی کاپیاں جمع کرائیں اور اپنے پتہ میں کسی تبدیلی کے بارے میں فوراً تحریری طور پر رجسٹرار کے دفتر کے پاس نوٹ کروائیں

v. ویڈیو لنک کی سہولت کیلئے رضامندی

SECP کے سرکلر نمبر 10 مورخہ 21 مئی 2014 کی رو سے ممبرز ویڈیو لنک کی سہولت کے ذریعہ اجلاس میں شرکت کر سکتے ہیں۔ اگر کمپنی کو ممبرز کی جانب سے، جو مجموعی طور پر 10% یا زیادہ کے شیئرز کے حامل ہیں اور ایک ہی جغرافیائی حدود میں رہتے ہیں، اجلاس میں ویڈیو کانفرنس کے ذریعہ شرکت کرنے کے لئے رضامندی کی درخواست اجلاس کی تاریخ سے کم از کم 10 دن پہلے موصول ہوتی ہے، تو کمپنی اس شہر میں ویڈیو کانفرنس کا انتظام کرے گی بشرطیکہ اس شہر میں ایسی سہولت موجود ہو۔

اس سلسلے میں جو ممبرز ویڈیو لنک کے ذریعہ شرکت کرنا چاہیں وہ درج ذیل فارمیٹ کے مطابق اپنی دستخط شدہ درخواست AGM کی تاریخ سے کم از کم 10 دن پہلے کمپنی کے رجسٹرڈ پتہ پر بھجوادیں۔

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

vi. ممبران سے درخواست ہے کہ اپنے رجسٹرڈ پتے/رابطے کے نمبرز میں تبدیلی سے، اگر کوئی ہے، فوری طور پر شیئر رجسٹرار کو درج ذیل پتے پر مطلع کریں:

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:

NEXT CAPITAL

نوٹس برائے گیارھواں سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ نیکسٹ کیپٹل لمیٹڈ (دی کمپنی) کا گیارھواں (11th) سالانہ اجلاس عام بروز بدھ 28 اکتوبر 2020 دوپہر 01:45 بجے درج ذیل امور کی انجام دہی کیلئے کمپنی کے رجسٹرڈ دفتر واقع دوسری منزل، امپیریل کورٹ، ڈاکٹر ضیاء الدین احمد روڈ کراچی میں منعقد ہوگا۔

عمومی امور

۱۔ دسویں (10th) سالانہ اجلاس عام (AGM) منعقدہ 25 اکتوبر 2019 کے منٹس کی توثیق کرنا۔

۲۔ کمپنی کے آڈٹ شدہ مالیاتی حسابات برائے سال مختتمہ 30 جون 2020 مع ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس وصول کرنا، اس پر غور وخوض کرنا اور اختیار کرنا۔

۳۔ سال مختتمہ 30 جون 2021 کیلئے آڈیٹرز کے تقرری کی منظوری دینا اور ان کے مشاہرے کا تعین کرنا۔ ریٹائر ہونے والے آڈیٹرز میسرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنیاد پر خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔

۴۔ کسی اور امور کی انجام دہی جو چیئر کی اجازت سے اجلاس کے سامنے پیش کیا گیا ہو۔

بحکم بورڈ
محمد نجم علی
چیف ایگزیکٹو آفیسر

کراچی
مورخہ: 08 اکتوبر 2020ء

نوٹس:

i۔ کمپنی کی شیئر ٹرانسفر بکس 21 اکتوبر 2020 تا 28 اکتوبر 2020 (بشمول دونوں ایام) بند رہیں گی۔

ii۔ ممبر جو سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کا اہل ہے، وہ اپنی جگہ کسی دوسرے ممبر کو شرکت کرنے اور ووٹ دینے کیلئے اپنا پراکسی مقرر کر سکتا/ سکتی ہے۔ اس کا طریقہ کار سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر نمبر 1، حوالہ نمبر 3(5-A) Misc/ARO/LES/96 مورخہ 26 جنوری 2000 میں درج رہنما ہدایات کے مطابق ہوگا۔

a. ممبران یا نامزد فرد کو اجلاس میں شرکت کے وقت اپنی شناخت کی تصدیق کیلئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھانا ہوگا اور اپنا پورٹ فولیو نمبر لانا ہوگا۔

b. کارپوریٹ ادارے کی صورت میں اجلاس میں شرکت کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی اور نامزد فرد کے CNIC یا پاسپورٹ کی تصدیق شدہ کاپی پیش کرنا ہوگی (اگر پہلے نہ فراہم کی گئی ہو)۔

c. پراکسی کے موثر ہونے کیلئے پراکسی فارم ہمارے رجسٹرار کے دفتر میں اجلاس سے کم از کم 48 گھنٹہ پہلے موصول ہو جانا چاہیے جس پر باقاعدہ دستخط اور مہر لگی ہو اور اس پر دو افراد کی گواہی مع ان کے نام، پتے، CNIC نمبر اور ان کے دستخط بھی ہوں۔

d. انفرادی صورت میں پراکسی فارم کے ساتھ بینی فیشل اونرز اور پراکسی کے CNIC یا پاسپورٹ کی تصدیق شدہ کاپیاں فراہم کی جائیں

e. کارپوریٹ ادارہ کے پراکسی ہونے کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی اور پراکسی کے CNIC یا پاسپورٹ کی تصدیق شدہ کاپیاں جمع کرائی جائیں

f. فزیکل شیئرز کے بینیفیشل مالکان اور ان افراد سے جن کے شیئر سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ (CDC) کے پاس جمع ہیں، درخواست ہے کہ وہ اجلاس میں شرکت کے وقت تصدیق کیلئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) مع شرکت کرنے والے کا آئی ڈی نمبر اور اپنا CDC کا اکاؤنٹ/ سب اکاؤنٹ نمبر ساتھ لائیں۔ پراکسی کی صورت میں پراکسی کے CNIC یا پاسپورٹ کی تصدیق شدہ کاپیاں، اکاؤنٹ/ سب اکاؤنٹ اور شرکت کرنے والوں کے آئی ڈی نمبرز پراکسی کے فارم کے ہمراہ درج بالا پیراگراف ii کے مطابق دو افراد کی گواہی کے ساتھ جن کے نام، پتے اور CNIC کے نمبر پراکسی فارم پر درج ہوں اور بینیفیشل مالکان کے CNIC یا پاسپورٹ کی تصدیق شدہ کاپی کمپنی کے رجسٹرڈ دفتر میں جمع کرائیں۔ کارپوریٹ ممبران کیلئے پراکسی ہونے کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی اور نامزد فرد کے نمونے کے دستخط اجلاس کے وقت پیش کرنا ہوں گے۔ (اگر پہلے سے شیئرز رجسٹرار کو فراہم نہ کئے گئے ہوں)۔

کارپوریٹ اور سماجی ذمہ داری

ایک ذمہ دار کارپوریٹ سٹیزن کی حیثیت سے کمپنی کواُن لوگوں کے بارے میں جواس کے لیے کام کرتے ہیں، جوکام کی جگہ کے آس پاس رہتے ہیں اور بحیثیت معاشرہ، اپنی ذمہ داریاں پوری کرنے کا ہمیشہ احساس رہتا ہے۔

ایکسٹرنل آڈیٹرز

سبکدوش ہونے والے آڈیٹرز، میسرز KPMG تاثیر ہادی اینڈ کمپنی نے اہل ہونے کے ناتے خودکودوبارہ تقرر کے لیے پیش کیا ہے، لہٰذا بورڈ آف ڈائریکٹرز نے 30 جون، 2021 کو ختم ہونے والے مالی سال کے لیے میسرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کو کمپنی کے آڈیٹرز کی حیثیت سے مقرر کرنے کے لیے آڈٹ کمیٹی کی سفارش کی توثیق کی ہے۔

تعریف اور اظہار تشکر

نیکسٹ کیپٹل کی انتظامیہ اپنے موقر کلائنٹس، انتھک محنت کرنے والے ملازمین، بینکرز، کنسلٹنٹس اور دوسرے کاروباری شراکت داروں سمیت کمپنی کے تمام اسٹیک ہولڈرز کی تہہ دل سے مشکور ہے، ہم سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP)، اسٹیٹ بینک آف پاکستان (SBP)، پاکستان اسٹاک ایکسچینج لمیٹڈ (PSX) اور فنانشل مارکیٹ ایسوسی ایشن (FMA) کے تعاون اور مدد پر ان کے بھی شکر گزار ہیں۔

برائے اور از طرف

تاریخ: 7 اکتوبر، 2020

محمد نجم علی
چیف ایگزیکٹو آفیسر

زبیر الٰہی
ڈائریکٹر

NEXT CAPITAL

بورڈ کی کمیٹیاں

بورڈ نے کمیٹیاں قائم کی ہیں جو مندرجہ ذیل ارکان پر مشتمل ہیں:

a) آڈٹ کمیٹی

جناب حسن شاہنواز	چیئرمین، انڈیپینڈنٹ ڈائریکٹر
جناب ایم ذوالقرنین محمود خان	ممبر
جناب محمد زبیر الٰہی	ممبر

b) انسانی وسائل اور مشاہرہ کمیٹی

جناب حسن شاہنواز	چیئرمین، انڈیپینڈنٹ ڈائریکٹر
جناب ایم ذوالقرنین محمود خان	ممبر
محترمہ حنا خان	ممبر
جناب ملک خرم شہزاد	ممبر

ڈائریکٹرز کا مشاہرہ

کمپنیز ایکٹ، 2017 اور لسٹیڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے مطابق ڈائریکٹرز کے مشاہرہ کے لیے بورڈ آف ڈائریکٹرز کی ایک باضابطہ پالیسی اور شفاف طریقہ کار ہے۔

کریڈٹ ریٹنگ

کمپنی کو VIS-(سابقہ JCR) کریڈٹ ریٹنگ کمپنی لمیٹڈ کی طرف سے دوبارہ (A Minus/A-Two) 'A-/A-2' کی entity ریٹنگز دی گئی ہیں۔ VIS-(سابقہ JCR) ان ریٹنگز کا "outlook مستحکم" ہے۔ VIS-(سابقہ JCR) کی طرف سے صراحت کردہ اجرا کنندہ کا ریٹنگ کا پیمانہ اچھی کریڈٹ کوالٹی کی حیثیت سے ہے؛ حفاظتی عوامل کافی ہیں۔ خطرے کے محرکات، معیشت میں تبدیلیوں کے ساتھ اوپر نیچے ہو سکتے ہیں۔

مینجمنٹ ریٹنگ:

کمپنی کو VIS-(سابقہ JCR) کریڈٹ ریٹنگ کمپنی لمیٹڈ کی طرف سے (BMR Two Plus Plus) 'BMR2++' کی مینجمنٹ ریٹنگ دی گئی ہے۔ VIS-(سابقہ JCR)۔ ان ریٹنگز پر "outlook مستحکم" ہے۔ VIS-(سابقہ JCR) کی طرف سے صراحت کردہ اجرا کنندہ کی ریٹنگ کی معقولیت ریگولیٹری تعمیل کی مضبوط سطحوں؛ مستحکم خارجی کنٹرولز، HR & IT سروسز، رسک مینجمنٹ اور فنانشل مینجمنٹ اور اس کے ساتھ مناسب ابتدائی کنٹرول فریم ورک کلائنٹ ریلیشن شپ کی حیثیت سے ہے۔

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بورڈ آف ڈائریکٹرز کے اجلاس:

مالی سال 20-2019 کے دوران بورڈ کے چار اجلاس ہوئے جن میں مندرجہ ذیل ڈائریکٹر صاحبان نے شرکت کی:

نام	عہدہ	شرکت
جنرل (ریٹائرڈ) طارق وسیم غازی	ڈائریکٹر / چیئرمین	4
جناب محمد نجم علی	ڈائریکٹر / چیف ایگزیکٹو آفیسر	4
محترمہ حنا خان	ڈائریکٹر	4
جناب محمد ذوالقرنین محمود خان	ڈائریکٹر	4
جناب محمد زبیر الٰہی	ڈائریکٹر	4
جناب حسن شاہنواز	ڈائریکٹر	4
جناب خرم شہزاد	ڈائریکٹر	4

بورڈ کی تشکیل

1. ڈائریکٹرز کی کل تعداد مندرجہ ذیل کے مطابق سات ہے:
   a. مرد: چھ
   b. خواتین: ایک

2. بورڈ کی تشکیل مندرجہ ذیل ہے:

کیٹیگریز	نام
انڈیپینڈنٹ ڈائریکٹرز	لیفٹیننٹ جنرل (ریٹائرڈ) طارق وسیم غازی
	جناب حسن شاہنواز
دوسرے نان ایگزیکٹو ڈائریکٹرز	جناب محمد ذوالقرنین محمود خان
	محترمہ حنا خان
	جناب محمد زبیر الٰہی
	جناب ملک خرم شہزاد
ایگزیکٹو ڈائریکٹرز	جناب محمد نجم علی

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بیان برائے تعمیل:

(۱) کمپنی کی مینجمنٹ کی طرف سے تیار کردہ فنانشل اسٹیٹمینٹس، اس کے آپریشن کے نتیجے، کیش فلوز اور ایکوئٹی میں تبدیلیوں کے بارے میں اس کی صورت حال کو درست طریقے سے پیش کرتے ہیں؛

(۲) کمپنی کے اکاؤنٹس کی بکس کو مناسب طریقے سے رکھا گیا ہے؛

(۳) فنانشل اسٹیٹمینٹس کی تیاری میں تواتر کے ساتھ مناسب اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا اور اکاؤنٹنگ تخمینوں کی بنیاد معقول اور محتاط فیصلے پر ہے، جس کی ہم پاسداری کرتے ہیں؛

(۴) انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں قابل اطلاق ہیں اور کمپنیز ایکٹ، 2017 پر، جیسا کہ فنانشل اسٹیٹمینٹس کے نوٹ نمبر 2 میں بھی بتایا گیا ہے، ان فنانشل اسٹیٹمینٹس کی تیاری میں عمل کیا گیا ہے؛

(۵) انٹرنل کنٹرول کا سسٹم ڈیزائن کے اعتبار سے مضبوط ہے اور آڈٹ کمیٹی نے اسے موثر طریقے سے نافذ کیا ہے اور اس پر نظر رکھتی ہے؛

(۶) کمپنی مالی لحاظ سے مستحکم ہے اور ایک جاری و ساری رہنے والے ادارے کی حیثیت سے برقرار رہنے کے بارے میں کمپنی کی صلاحیت پر خاطر خواہ شک نہیں ہے؛

(۷) کارپوریٹ گورننس کے بہترین طور طریقوں سے، جیسا کہ لسٹنگ ریگولیشنز میں تفصیل درج ہے، کوئی مادی انحراف نہیں کیا گیا؛

(۸) رواں سال اور پچھلے سالوں کا اہم آپریٹنگ اور فنانشل ڈیٹا AGM کے نوٹس کے بعد موجود ہے؛

(۹) موجودہ معاشی حالات اور کاروباری چیلنجوں کی وجہ سے کمپنی نے شیئر ہولڈرز کے لیے مزید قدر پیدا کرنے کی خاطر کیش کو محفوظ رکھنے کا فیصلہ کیا ہے، لہٰذا 30 جون 2020 کو ختم ہونے والے سال کے لیے کوئی ڈیویڈنڈ ادا نہیں کیا جائے گا۔

(۱۰) ٹیکسوں، ڈیوٹیوں، لیویز اور چارجز کی مد میں کوئی statutory پیمنٹس نہیں ہیں، جو 30 جون، 2020 کو واجب الادا ہوں، ماسوائے اُن کے جو فنانشل اسٹیٹمینٹس میں دکھائی گئی ہیں؛

(۱۱) بیلنس شیٹ کی تاریخ اور ڈائریکٹرز رپورٹ کی تاریخ کے درمیان کی جانے والی ایسی تمام مادی تبدیلیاں اور وعدے، جن سے کمپنی کی مالی پوزیشن متاثر ہوتی ہو، اگر ہیں تو اس رپورٹ میں منکشف کر دیئے گئے ہیں؛

(۱۲) ڈائریکٹرز ٹریننگ پروگرام کے تحت پانچ ڈائریکٹروں نے تربیت حاصل کی ہے؛

(۱۳) ڈائریکٹرز، سی ایف او، سی ای او، کمپنی سیکرٹری، ہیڈ آف انٹرنل آڈٹ، ان کی شریک حیات اور نابالغ بچوں نے سال کے دوران کمپنی کے شیئرز میں کوئی ٹرانزیکشن نہیں کی؛ اور

(۱۴) فنانشل اسٹیٹمینٹس کے بعد پیٹرن آف شیئر ہولڈنگ ظاہر کیا گیا ہے۔

آگے بڑھتے ہوئے، اگر چہ آپ کی کمپنی کا بورڈ افزائش کی سوچ کے حوالے سے پرامید ہے، کیونکہ اب تک پاکستان نے اس عالمی وباء کو شکست دی ہے، تاہم دوسری لہر کے خطرات کو، جیسا کہ متعدد دیگر ملکوں میں دیکھا گیا ہے مسترد نہیں کیا جا سکتا۔ افراط زر اور سود کی کمتر شرحیں، آمدنی میں افزائش کے بہتر نکتہء نظر کے ساتھ ایکوٹیز مارکیٹ کو توجہ کا محور بنائے رہیں گی۔ علاوہ ازیں bourse میں نئی آفرنگز بھی آنا شروع ہوگئی ہیں۔ سال کے آخر تک لیکویڈٹی بھی بڑی حد تک بہتر ہوئی اور داخلی ایکوئٹیز مارکیٹ کا مجموعی طویل المدت آؤٹ لک بدستور مثبت ہے۔

کارکردگی کا جائزہ:

مندرجہ ذیل گوشوارہ رواں سال کے دوران کمپنی کی کارکردگی کو ظاہر کرتا ہے:

	2019-20	2018-19
	پاکستانی روپے	
یکم جولائی 01 کے مطابق مربوط نقصانات	(8,188,20)	(5,284,285)
سال کے دوران ادا کردہ نقد منافع منقسمہ		(11,250,000)
خالص منافع برائے سال	17,794,313	5,306,556
(مجتمع نقصانات)/unappriated منافع 30 جون	7,085,268	(8,188,270)
آمدنی فی شیئر روپے	0.40	0.12

کمپنی نے گزشتہ سال 15.7 ملین پاکستانی روپے کے قبل از ٹیکس منافع کے مقابلہ میں زیرنظر سال کے دوران 36.5 ملین پاکستانی روپے کا قبل از ٹیکس منافع کمایا۔ کمپنی کے مجموعی آپریٹنگ ریونیوز پچھلے سال کے 174 ملین پاکستانی روپے کے مقابلے میں 195.8 ملین پاکستانی روپے ہوگئے، جو 12 فیصد اضافے کو ظاہر کرتے ہیں۔ تجارتی سرگرمی میں، جس کا زیادہ تر تعلق سال کی دوسری اور تیسری سہ ماہی میں ملک کی معاشی صورت حال کے بہتر ہونے سے ہے، بروکریج آمدنی میں 14 فیصد اضافہ ہوا۔ اسی طرح ایڈوائزری اور کنسلٹینسی ریونیو میں بھی 6 فیصد اضافہ ہوا۔ تاہم اس کے ساتھ COVID-19 کی وجہ سے آخری سہ ماہی میں بہتر معاشی سرگرمی میں عارضی رکاوٹ پیدا ہوئی۔

کمپنی اپنے انتظامی اخراجات 4 فیصد کم کرنے کے قابل ہوگئی، تاہم سال کی دوسری اور تیسری سہ ماہی میں بڑھتی ہوئی تجارتی سرگرمی سے مطابقت رکھتے ہوئے آپریٹنگ اخراجات 13 فیصد بڑھ گئے۔ سال کے دوران IFRS 16 پر عمل درآمد کے نتیجہ میں 6.45 ملین پاکستانی روپے کی لاگت کو recognize کیا گیا جس سے کھاتوں میں رینٹ کے خرچے کی leased asset کی حیثیت سے درجہ بندی کی گئی۔ اس کے علاوہ فنانس cost پچھلے سال سے زیادہ مختلف نہیں ہوئی۔

کمپنی کی منافع کمانے کی صلاحیت میں مسلسل بہتری کی وجہ ہماری کاروباری حکمت عملی ہے۔ اس بات کو مدنظر رکھتے ہوئے کہ بڑے معاشی اشارے بدستور مستحکم ہیں، کمپنی کا مقصد، COVID-19 کے لاک ڈاؤن میں نرمی کے بعد مارکیٹ کے بہتر حالات سے فائدہ اٹھانا ہے۔

مالیاتی حوالے سے بھی کارکردگی میں خاطرخواہ بہتری آئی ہے،COVID-19 سے متعلق اضافی اخراجات اور بہت زیادہ debt سروسنگ خرچوں کے ساتھ حکومت نے زیرجائزہ سال کے دوران خسارے کو GDP کے 8.1%(PKR3.4tn) تک رکھا جو گزشتہ سال جی ڈی پی کا 9.1%(PKR3.4tn) تھا۔حکومت زیر جائزہ سال میں ایک بنیادی سرپلس بجٹ پیش کرنے کے قابل نہیں ہوسکی تاہم، اس نے خسارے کو پچھلے سال کے جی ڈی پی کے 3.6 فیصد (PKR3.4tn) کے مقابلے میں جی ڈی پی کے 1.8 فیصد (PKR0.8tn) تک کم کردیا۔ پاکستان سمیت پوری دنیا میں لاک ڈاؤنز کی وجہ سے زیرجائزہ سال کی آخری سہ ماہی میں FBR کی ٹیکس کی وصولیاں 15.2 فیصد کم ہوگئیں،اوراس صورت حال نے زیرجائزہ سال کے دوران سال کی پوری افزائش کو صرف 4.4 فیصد تک محدود رکھا،آئی ایم ایف کا نظرثانی شدہ ہدف ابھی پورا کیا جانا باقی ہے۔

وباء کے پھیلاؤ پر قابو پانے کے بعد لاک ڈاؤن کے خاتمے سے ملک کی مجموعی معاشی سرگرمیوں میں تیزی آرہی ہے۔اس کا اشارہ سیمنٹ اور گاڑیوں کی فروخت سمیت زیادہ فریکوئنسی ڈیمانڈ ڈیٹا سے ملتا ہے۔رواں سال کے لیے جی ڈی پی کی نمو کے تخمینے ایک فیصد سے دو فیصد کی رینج کے درمیان ہیں،اگرچہ یہ کم ہیں مگر مجموعی عالمی معاشی منظرنامے کو مدنظر رکھتے ہوئے یہ صحت مند ہیں۔خام مال کی کم بین الاقوامی قیمتوں اور ایس بی پی کے پاس زرمبادلہ کے خطیر ذخائر سے خارجی کھاتے کے بہتر پوزیشن میں رہنے کا امکان ہے۔BoP کے کرنٹ اکاؤنٹ نے رواں سال کے پہلے دو مہینوں میں سرپلس دکھایا جس کی بنیادی وجہ زیادہ ترسیلات اور اشیاء وخدمات کا کمتر تجارتی خسارہ ہے۔افراط زر کے ساتھ جو امید ہے کہ کمتر سطح پر رہے گا،شرح سود پھر کسی اضافے سے قبل اب کم سے کم سطح پر رہنے کی توقع ہے۔ڈیویلپمنٹ، COVID-19 سے متعلق اور debt سروسنگ پر بڑھتے ہوئے اخراجات کی ضروریات کے ساتھ مالیاتی چیلنجز برقرار ہیں،جبکہ ریونیو کی وصولیاں آئی ایم ایف کے دیئے ہوئے ہدف سے کم رہنے کا مکان ہے۔بورڈ FATF کے نتائج کے بارے میں پرامید ہے اور ہمیں یقین ہے کہ اب ملک اس کے طریقہ کار کی بڑی حد تک تعمیل کررہا ہے۔بڑے خطرات میں، COVID-19 کے کیسز میں دوبارہ اضافہ،تیل کی بین الاقوامی قیمتوں کا بڑھنا،آئی ایم ایف کے تقاضوں کے مطابق گیس اور بجلی کے نرخوں میں اضافہ اور سپلائی کے جھٹکوں کی وجہ سے کھانے پینے کی اشیاء کی قیمتوں میں بہت زیادہ اضافہ شامل ہے۔ملک کی ترقی کے بارے میں ہماری سوچ مثبت ہے اور ہم دنیا بھر کے انسانوں کی صحت وسلامتی کے لیے دعا گو ہیں۔

کیپیٹل مارکیٹ کا جائزہ،اندازاورسوچ

زیرجائزہ سال کے دوران پاکستان کی ایکوئٹی مارکیٹ کی کارکردگی مختلف داخلی اور خارجی عوامل کے زیراثر غیریقینی کا شکار رہی۔ بہت زیادہ شرح سود اور دوسرے بڑے معاشی چیلنجوں کے باعث اس سال کا آغاز KSE100 انڈیکس کے 28,765 کی سطح تک نیچے گرجانے سے ہوا،کیونکہ ملک سخت مالیاتی اہداف کے ساتھ آئی ایم ایف کے EFF پروگرام کے تحت آگیا۔شرح سود کے بڑھ جانے اور دلکش ویلیوایشنز کی امید کے ساتھ جنوری 20 تک مارکیٹ میں دوبارہ تیزی آئی KSE100 انڈیکس 43,219 پر پہنچ گیا۔عالمی وباء کے پھیلاؤ اور پاکستان میں COVID-19 کے پہلے چند کیسوں کی تصدیق کے ساتھ بینچ مارک KSE100 انڈیکس نے ایک بار پھر ناک کی سیدھ میں غوطہ کھایا مگر اس بار یہ 27,229 کی کم سطح تک رہا۔عالمی وباء کے منفی معاشی اثرات کا مقابلہ کرنے کے لیے حکومت پاکستان اور اسٹیٹ بینک آف پاکستان کے جارحانہ اقدامات،بعد میں شرح سود میں کمی سمیت لاک ڈاؤن اور کنسٹرکشن پیکج اور معاشی ترقی کی رفتار کے تیزی پکڑنے سے KSE100 انڈیکس سال کے آخر میں 1.5 فیصد (520 پوائنٹس) کے اضافے کے ساتھ 34,422 پر بند ہوا۔سال کے دوران اوسط والیومز میں 26 فیصد کی بہتری آنے کے ساتھ شیئرز کی تعداد 196 ملین ہوگئی جبکہ اضافی لیکویڈیٹی اور پاکستان کی داخلی ایکوئٹیز مارکیٹ کی متعلقہ دلکشی کے نتیجہ میں خرید وفروخت کی روزانہ اوسط قدر بھی بہتر ہو کر 7.2 بلین پاکستانی روپے ہوگئی۔اہم سیکٹرز میں فارما،ٹیکنالوجی اینڈ کمیونیکیشن ،سیمنٹ، پیپر اینڈ بورڈ،اور فرٹیلائزر سیکٹرز نے مارکیٹ میں شاندار کارکردگی دکھائی جبکہ پاور،بینکس اور آئل اینڈ گیس E&P کمپنیوں کی مارکیٹ پرفارمنس کم رہی۔غیرملکی سرمایہ کار خالص فروخت کنندہ رہے اور زیرجائزہ سال کے دوران 285 ملین امریکی ڈالر باہر چلے گئے ان کا تعلق زیادہ تر آئل اینڈ گیس E&P کمپنیوں،بینکوں اور سیمنٹ سیکٹرز سے تھا جو بنیادی طور پر افراد اور انشورنس کمپنیوں کی طرف سے جذب کیے جاتے تھے۔

NEXT CAPITAL

ایس بی پی ایک ایسا ادارہ ثابت ہوا جس نے زیر جائزہ سال کے دوران پاکستان کی مجموعی معیشت پر COVID-19 کے اثرات کا مقابلہ کرنے کے لیے بھر پور انداز میں کام کیا۔ مرکزی بینک افزائش کو تیزی سے سہارا فراہم کرنے کے لیے جولائی 20 تک ایک سخت گیر monetary موقف سے ایک انتہائی نرم موقف کی طرف منتقل ہوا، جب افراط زر کا دباؤ بھی ماہانہ بنیاد پر کم ہو رہا تھا۔ مرکزی بینک نے مارچ 20 کے بعد جو قدم اٹھائے ان میں سے چند درج ذیل ہیں: 1) ایل ٹی ایف ایف پروگرام کی توسیع، 2) اس بحران کے دوران ملک میں انویسٹمینٹ پراجیکٹس کے لیے کم شرحوں پر قرضے متعارف کرانا، 3) قرضوں کا التوا اور ری شیڈولنگ، 4) ملازمین کو اجرتوں / تنخواہوں کی ادائیگی جاری رکھنے کو یقینی بنانے کے لیے قرض کی سہولت، 5) ہسپتالوں کے لیے subsidized قرضے اور ان میں سے اہم ترین، 6) 17 مارچ سے 26 جون 2020 کے دوران پالیسی ریٹ میں 625 بیسز پوائنٹس کی کمی ہے۔ ایس بی پی نے ATMs اور بینک برانچوں میں disinfected کیش کی زیادہ سے زیادہ دستیابی اور اس بات کو یقینی بناتے ہوئے کہ بینکوں کی زیادہ سے زیادہ برانچیں کھلی رہیں اور اہم SoPs پر عمل ہو، اس نے انٹرنیٹ based بینکنگ سروسز پر تمام چارجز ختم کر دیئے تا کہ کیش لیس اور فاصلاتی بینکاری کی حوصلہ افزائی ہو۔

زیر جائزہ سال کے دوران پاکستان کے CAD نے بھی شاندار بہتری دکھائی جو پچھلے سال کے (USD13.4bn (-4.8% of GDP کے مقابلے میں (USD 3.0bn (-1.1% of GDP پر رہا۔ اس کی بنیادی وجہ اشیاء اور خدمات کے حوالے سے تجارت کے توازن میں خاطر خواہ بہتری ہے۔ گڈز / سروسز کی برآمدات میں سال بہ سال %9 / %7 کی ہوئی جبکہ درآمدات میں سال بہ سال %24 / %18 کمی آئی۔ برآمدات کو نقصان ہوا کیونکہ پاکستان کے زیادہ تر برآمدی مقامات عالمی وباء کی وجہ سے بند تھے، درآمدات میں بھی کمی واقع ہوئی، اس کی بنیادی وجہ تیل کی بین الاقوامی قیمتوں میں زبردست گراوٹ اور درآمد شدہ مصنوعات کی مانگ میں کمی تھی، اس کے ساتھ باربرداری کی پابندیاں بھی تھیں۔ نتیجتاً، گڈز / سروسز میں تجارت کا توازن سال بہ سال %43 / %28 تک بہتر ہوا، جس سے اس وباء اور تیل کی بین الاقوامی قیمتوں میں کمی کے دوران CAD کی مجموعی بہتری میں USD7.7bn/USD2.1bn کا فائدہ ہوا۔ اس مشکل وقت میں ترسیلات زر میں بھی سال بہ سال %6.3 کی افزائش ہوئی جس کی وجہ سے زیر جائزہ سال کے دوران CAD کی بہتری میں 1.4 امریکی ڈالر کا حصہ ملا۔ سمندر پار پاکستانیوں کی طرف سے ترسیلات زر میں اب تک بہتری ہوتی رہی ہے، گزشتہ سال 21.7 بلین امریکی ڈالر کے مقابلہ میں یہ زیر جائزہ سال میں 23.1 بلین امریکی ڈالر ہو گئیں، اس طرح ان میں %6.4 کا اضافہ ہوا۔ جون 20 میں ترسیلات زر حیران کن طور پر 2.5 بلین امریکی ڈالر تھیں جو سال بہ سال %50.7 اور ماہ بہ ماہ %32 زیادہ ہیں۔ رواں سال کے پہلے دو مہینوں میں یہ رجحان برقرار رہا۔

پاکستان نے جولائی 19 میں 6 بلین امریکی ڈالر کے آئی ایم ایف EFF پروگرام پر بات چیت کی، اب تک اسے 1.4 بلین امریکی ڈالر اور COVID-19 وباء کا مقابلہ کرنے کے لیے آئی ایم ایف کے RFI پروگرام کے تحت بھی اپریل 20 میں 1.4 بلین امریکی ڈالر مل چکے ہیں۔ آئی ایم ایف EFF کی باقی اقساط رکی ہوئی ہیں کیونکہ مقامی اور آئی ایم ایف حکام کے درمیان معاشی کارکردگی اور اہداف پر اتفاق رائے ہونا ابھی باقی ہے۔ زیر جائزہ سال کے دوران ایس بی پی کے زرمبادلہ کے ذخائر 3.5 ماہ کے لیے اوسط درآمدات کے ذخائر کے ساتھ 12.1 بلین امریکی ڈالر (کل 18.9 بلین امریکی ڈالر) رہے۔ زیر جائزہ سال کے دوران پاکستانی روپیہ مزید بین الاقوامی دباؤ میں آ گیا اور مارکیٹ میں شرح مبادلہ طے کرنے کے لیے نافذ کی جانے والی ایس بی پی کی نئی پالیسی کے نتیجہ میں زیر جائزہ سال کے دوران امریکی ڈالر کے مقابلہ میں پاکستانی روپے کی قدر میں %5 کمی واقع ہوئی اور PKR168.05/USD پر بند ہوا۔ بہتر ہوتی ہوئی خارجی اکاؤنٹ پوزیشنوں کی وجہ سے پاکستانی روپے کی قدر میں %1.3 کی بہتری آئی۔

ڈائریکٹرز رپورٹ:

معاشی جائزہ:

عالمی معیشت کی کارکردگی اُس عالمی وباء کے پھیلنے سے متاثر ہوئی جس کا آغاز 2019 میں چین سے ہوا اور یورپ تک پھیل گئی اور پھر اس نے پاکستان سمیت پوری دنیا کو اپنی لپیٹ میں لے لیا۔ اس وباء کے پھیلاؤ کو روکنے کے لیے مختلف ممالک نے لاک ڈاؤن کا راستہ اختیار کیا اور ہر قسم کی غیر ضروری نقل و حرکت اور اجتماعات پر پابندی لگا دی۔ طویل لاک ڈاؤنز اور سماجی دوری نے زیر جائزہ سال کے دوران عالمی معیشت کو بری طرح متاثر کیا اور حکومتوں کو مجبور کیا کہ وہ افزائش کے لیے شرح سود میں کمی، مقدار کے لحاظ سے آسانی اور دیگر مالیاتی اقدامات سمیت تیز رفتاری سے کام کریں۔ IMF نے بھی عالمی افزائش کی اپنی پیش گوئی میں جو اپریل 2020 میں %3- تھی، ورلڈ اکنامک فورم کو حال ہی میں جاری کیے جانے والے اپ ڈیٹ میں جون 2020 میں خاطر خواہ کمی کرتے ہوئے اسے %4.9- کر دیا۔ اس ایجنسی نے 2021 کے لیے عالمی افزائش کی شرح بھی %5.8 سے کم کر کے %5.4 کر دی۔ یہ وباء پھوٹنے سے قبل IMF 2020 کے لیے %3.5 عالمی افزائش (WEO Jul'19) کی پیش گوئی کر رہا تھا۔ پوری دنیا میں لاک ڈاؤنز نے معیشتوں پر شدید اثرات مرتب کیے ہیں اس لیے وباء پر پوری طرح سے قابو پانے میں ناکامی کے باوجود بہت سے ملک اب کھلتے جا رہے ہیں۔ پاکستان نے بھی لاک ڈاؤن نافذ کیا، جس کے باعث مارچ 2020 کے آخر سے تمام معاشی سرگرمیاں رک گئیں۔ معاشی مضمرات کو مدنظر رکھتے ہوئے اپریل 2020 کے وسط سے لاک ڈاؤن کو نرم کر دیا گیا اور تعمیرات و برآمدات سے متعلق صنعتوں کو کام کرنے کی اجازت دے دی گئی جس کے بعد زیر جائزہ سال کے آخر میں لاک ڈاؤن کے مکمل خاتمے تک مزید سیکٹرز کو بھی کھول دیا گیا۔

مالی سال 20 شروع ہونے پر مجموعی قومی پیداوار (GDP) میں اصل افزائش کی پیش گوئی، مالی سال 19 کے دوران %3.3 کے عبوری تخمینوں کے مقابلہ میں %2.4 سے زیادہ تھی۔ مالی سال 20 میں افزائش میں سست روی کی وجہ دو اعداد میں افراط زر کے باعث کنزیومرز کی کم ہوتی ہوئی خالص آمدنی، پاکستانی روپے کی قدر میں کمی، شرح سود میں اضافہ اور اس کے ساتھ آئی ایم ایف کے جاری پروگرام کے تحت اسٹرکچرل ریفارمز پر عمل درآمد کے لیے ڈاکومینٹیشن اور ٹیکسیشن کی مہم تھی۔ تاہم، COVID-19 وباء کے پوری دنیا میں پھیلاؤ کے باعث عالمی رجحانات سے مطابقت رکھتے ہوئے پاکستان کے بارے میں افزائش کے اندازے نیچے آ گئے۔ امید ہے کہ مالی سال 52 کے بعد مالی سال 20 پہلا انحطاط دیکھے گا جب معیشت %1.8 سکڑ گئی تھی۔ عبوری اعداد و شمار ظاہر کرتے ہیں کہ مالی سال 20 کے دوران پاکستان کی جی ڈی پی مالی سال 19 کی %1.9 کی نظر ثانی شدہ افزائش کے مقابلے میں %0.4 سکڑنے کی امید ہے۔ خدمات کا شعبہ جو مالی سال 01 سے سال بہ سال %5.1 کی افزائش دکھا رہا تھا، امید ہے کہ مالی 20 میں پہلی بار سکڑے گا جب وباء کے پھیلاؤ اور اس کے نتیجے میں لاک ڈاؤنز کے ساتھ ڈاکومینٹیشن کی مہم کے اثرات بہت زیادہ رہے۔

افراط زر کے اعداد و شمار کی بنیاد پر 16-2015 تک نظر ثانی کی گئی اور زیر جائزہ سال کے آغاز پر شہری، دیہی اور قومی افراط زر کے درجے متعارف کرائے گئے۔ قومی CPI سال بہ سال افراط زر، جو جنوری 20 میں %14.9 (9 سال میں سب سے زیادہ) تک پہنچ گیا تھا جون 20 میں گر کر %8.6 تک آ گیا، جس سے زیر جائزہ سال کے لیے اوسط افراط زر پچھلے سال کے %6.8 کے مقابلے میں %10.7 ہو گیا۔ بلند افراط زر کا باعث بننے والے بڑے محرکات میں زیر جائزہ سال کے دوران سپلائی کے مختلف جھٹکوں کی وجہ سے خوراک کی قیمتوں میں بہت زیادہ اضافہ، POL پراڈکٹس کی قیمتوں کا بڑھنا اور گیس و بجلی کے نرخوں میں اضافہ شامل ہیں۔

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