NETSOL.

NETSOL Technologies Ltd.
NETSOL IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. 54792, Pakistan.
Email: info@netsolpk.com
Phone: +92 42 111-44-88-00
Web: www.netsolpk.com

FORM-05
Date:04/10/2023

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject: **Transmission of Annual Report For the Year Ended June 30, 2023**

Dear Sir,

We have to inform you that the Annual Report of the Company for the year ended June 30, 2023 have been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,

Sehrish

SEHRISH
Company Secretary

NetSol IT Village (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange Lahore Cantt ★
NetSol Technologies Limited

2023
ANNUAL REPORT

NETSOL®

Table of Contents

About Us

Company Profile	03
Vision Statement	06
Mission Statement	07
Core Values	08
Global Customers	09
Global Offices	10
Quality Focus	11
Our Quality Standards	12
Our Portfolio	13
Our Products	14
Our Services	15
The Management Team	16

Business Review

Chairman's Review Report	19
CEO's Message	22
Awards and Recognition	25
Global Marketing Activities	26
Activities During the Year	28
Share Price/Volume	30
Shareholder's Information	31

Financial Highlights

Statement of Value Addition	34
Six Years' Summary	35
Key Financial Ratios	36
Financial Summary	37

Table of Contents

Human Capital Division

People and Culture 40

Talent Acquisition and Development 42

Code of Conduct 44

Institute of Corporate Advancement at NETSOL (ICAN) 45

NICAT 48

Governance

Board of Directors 50

Directors' Report 53

Auditor's Report to the Members 80

Statement of Compliance with Listed Companies(Code of Corporate Governance) Regulations, 2019 81

Pattern Of Shareholding 84

Information Required As Per Code Of Corporate Governance 85

NETSOL and Sustainability Development Goals

NETSOL and Sustainability Development Goals 88

Notice of Annual General Meeting

Notice of Annual General Meeting 96

Financial Statements

Auditors' Report to the Members 103

Statement of Financial Position 109

Statement of Profit or Loss 111

Comprehensive Income 112

Statement of Cash Flows 113

Changes in Equity 114

Notes to the Financial Statements 115

Consolidated Financial Statements

Auditors' Report to the Members 156

Consolidated Statement of Financial Position 161

Consolidated Statement of Profit or Loss 163

Consolidated Comprehensive Income 164

Consolidated Statement of Cash Flows 165

Consolidated Changes in Equity 166

Notes to the Consolidated Financial Statements 167

Form of proxy

Form of proxy (Urdu)

ABOUT US

Company Profile

BOARD OF DIRECTORS

Salim Ullah Ghauri
Chief Executive Officer / Executive Director

Vaseem Anwar
Independent Director

Omar Shahab Ghauri
Executive Director

Naeem Ullah Ghauri
Chairman / Non-Executive Director

Zeshan Afzal
Independent Director

Anwaar Hussain
Independent Director

Hamna Ghauri
Non-Executive Director

Audit Committee

Anwaar Hussain
Chairman

Vaseem Anwar
Member

Hamna Ghauri
Member

Chief Financial Officer

Boo-Ali Siddiqui

Company Secretary

Sehrish Ishtiaq

Chief Internal Auditor

Muhammad Abdul Wahab Hafeez

Auditors

H.Y.K & Co.

Chartered Accountants 321-Upper Mall, Lahore

Share Registrar

Vision Consulting Limited

3-C, LDA Flats, Lawrence Road, Lahore.
Tel: +92-42-36283096-97
Fax: +92-42-36312550

Legal Advisor

Corporate Law Associates

1st Floor Queen's Centre Shahra-e-Fatima Jinnah Lahore

Bankers

Askari Bank Limited
Samba Bank Limited
Meezan Bank Limited
Dubai Islamic Bank Pakistan Limited
MCB Bank Limited
Al Baraka Bank (Pakistan) Limited
Habib Metropolitan Bank Limited
Bank Alflah Islamic

Contact Details

Registered Office

NETSOL IT Village (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. 54792, Pakistan
Tel: +92-42-111-44-88-00, +92-42-35727096-7
Fax: +92-42-35701046, 35726740

Karachi Office

43/1/Q, Amna Villa # 1 Block # 03. P.E.C.H.S, Karachi-75400
Tel: +92-21-111-638-765
Fax: +92-21-3431-3464

Rawalpindi Office

House No. 04, Safari Villas, Bahria Town, Rawalpindi
Tel: +92-51-5707011
Fax: +92-51-5595376

Peshawar Office

C-7, C-8, 3rd floor, Jasmine Arcade, Fakhr e Alam Road, Peshawar Cantt.

Web Presence

www.netsolpk.com
info@netsolpk.com
corporate@netsolpk.com

Vision Statement

To become the leading and world class provider of IT solutions and services as well as a provider of new technology products to transform industries in each market of operations, by leveraging our global positioning and creating strong growth potential, resulting in increasing shareholders' value and providing a conducive environment for our employees. The culmination of these efforts will lead to a rise in shareholder value and the establishment of a nurturing environment for our dedicated workforce.

A leading and world class provider

We remain committed to ongoing investments in the highest quality of human resources, streamlined processes, cutting-edge infrastructure, progressive product development, and the attainment of certifications of the highest caliber.

By leveraging our global positioning

We will fully use our global solutions, customer base, presence and knowledge.

Creating strong growth potential

We will invest in capacity building, research and development and emerging technology markets.

Increasing shareholders' value

We aim to provide above average and superior returns to our shareholders.

In each market

We will focus individually on each market, while growing globally.

Mission Statement

Our aspiration is to establish ourselves as the premium technology solutions.

Our aspiration is to establish ourselves as the premium technology solutions and technology provider to the global asset finance and leasing sector. Drawing upon our dominant position in the APAC region, coupled with our established presence in the United States and Europe, we are committed to sustaining strong revenues from our current generation of finance and leasing solutions and new technology, concurrently grow our next-generation platform.

Leveraging our world class software development capabilities, we are dedicated to innovating new IP in sectors where our expertise can add value. Our priority lies in inspiring, empowering, training, and recognizing our employees to be the best in their respective domains. Our unwavering dedication involves ceaseless exploration of avenues to enhance the scope and profundity of our offerings, utilizing both organic growth and strategic mergers and acquisitions.

Core Values

Empathy and Respect

We believe in co-existence with complete harmony and we value the diversity of thoughts and individuals.

Excellence

We pledge to achieve outcomes of exceptional quality, demonstrating a strong desire for continuous learning and enhancement.

Honesty and Integrity

We never compromise on moral or ethical convictions under any circumstances.

Customer First

Our products, services and overall strategy are all meticulously crafted with the customer as the focal point.

Innovation

We thrive to continuously improve ourselves; be it our processes, skill sets or customer offerings.

Global Customers

China

- Mercedes-Benz Auto Finance China, Ltd
- Mercedes-Benz Leasing Co., Ltd
- Toyota Motors Finance China Co., Ltd
- Mercedes Benz Financial Services Taiwan Ltd
- GAC SOFINCO Automobile Finance, Ltd
- Tianjin Great Wall Binyin Automobile Finance Co., Ltd
- FCA Automotive Finance Co. Ltd
- Fortune Auto Finance Co. Ltd
- Shanghai Dongzheng Automotive Finance Co., Ltd
- BYD Company Limited
- NETSOL Technologies (Beijing) Co., Ltd

Thailand

- Mercedes-Benz Leasing (Thailand) Co., Ltd
- Nissan Leasing (Thailand) Co., Ltd
- NETSOL Technologies (Thailand) Limited

Australia

- Mercedes Benz Financial Services Australia Pty Ltd
- Mercedes-Benz Financial Services New Zealand Ltd
- CNH Industrial Capital
- Daimler Truck Financial Services Australia
- Pepper Group Australia
- NETSOL Technologies Australia Pty Ltd

Hong Kong

- Mercedes-Benz Financial Services Hong Kong Ltd
- BMW Financial Services Hong Kong Limited

Japan

- Mercedes-Benz Finance Co. Ltd
- Daimler Truck Financial Services Asia Co., Ltd

Germany

- Mercedes-Benz Mobility AG Germany

Malaysia

- Mercedes-Benz Services Malaysia Sdn Bhd

South Africa

- Mercedes-Benz Financial Services, South Africa
- Daimler Truck Financial Services South Africa (Pty) Ltd

Indonesia

- PT OTO Multiartha
- PT Summit OTO Finance
- PT Orico Balimor Finance Indonesia

Singapore

- Mercedes-Benz Financial Services Singapore Ltd
- Daimler Financial Services Africa and Asia Pacific

Korea

- Mercedes-Benz Financial Services Korea Ltd

Taiwan

- Mercedes-Benz Financial Services Taiwan Ltd

US

- NETSOL Technologies Americas

UK

- NETSOL Technologies Europe Ltd
- Ascent Europe Limited

Pakistan

- Khyber Pakhtunkhwa Revenue Mobilization and Public Resource Management Program

Global Offices

Encino, Austin	London, Horsham	Beijing, Shanghai, Tianjin	Jakarta
Lahore, Karachi, Peshawar, Rawalpindi	Bangkok	Sydney	Dubai

Quality Focus

We are committed to continuously improve the effectiveness of our quality management system through;

- Effective implementation of software measurement programs.
- Regular assessments against international standards.
- Monitoring and enhancing customer satisfaction.
- Developing and maintaining a skilled and motivated resource base.
- Reviewing and enhancing quality objectives.

Our focus in quality engineering and process improvement has been imperative in ensuring excellence of operations and customer satisfaction. We are also continuously investing in software processes improvement and ISO authorized trainings for our teams.

Our Quality Standards

Our commitment to quality is demonstrated by our accreditation of **ISO 9001, ISO 27001** and **ISO 20000.**

SOC Type 1 and Type 2 Compliance

NETSOL successfully achieved SOC 2 Type 1 compliance, followed by SOC 2 Type 2 compliance, with a global audit conducted by A-LIGN, a technology-enabled security and compliance partner trusted by more than 2500 global organizations to help mitigate cybersecurity risks.

Through these certifications, NETSOL continues to demonstrate its dedication to safeguarding the data of its clients and their customers. This achievement affirms that all system requirements have been met in accordance with the security standards outlined by AICPA (the American Institute of Certified Public Accountants), as defined by the applicable trust services criteria.

Our Portfolio

Currently we are offering the following services to our customers:

- Enterprise Solutions
- Business Intelligence
- IT Consulting and Business Process Reengineering
- Technology and Business Process Outsourcing
- Application Development and Maintenance
- Cloud Services

Primary Industries We Serve

- Lease and Finance Industry
- Banking Industry
- Information Technology

Our Products

NFS ASCENT

The most advanced platform for asset finance and leasing

Ascent is built on cutting-edge, modern technology that enables auto, equipment and big ticket finance companies, alongside banks, to run their retail and wholesale finance business seamlessly. With comprehensive domain coverage and powerful configuration engines, it is architected to empower finance and leasing companies with a platform that supports their growth in terms of business volume and transactions.

NFS DIGITAL

Delivering digital without compromise

NFS Digital is an ecosystem that augments and enhances finance and leasing operations, and subsequently, enables organizations to reap the benefits of going digital. It leverages the benefits of superior digital solutions across various touchpoints which can be integrated with any back-end system. NETSOL takes pride in being the pioneer organization to provide a full suite of digital transformation solutions for the global asset finance and leasing industry.

Appex Now

The world's first marketplace for API-first finance and leasing products

Appex Now is the world's first marketplace for the global credit, finance and leasing industry, providing a suite of cloud-based API-first products that cater to a broad spectrum of needs. The API-first strategy enhances development efficiency, reduces complexity, mitigates risk and facilitates integration with diverse systems and platforms.

Our Services

Professional Services

NETSOL is now also offering professional services to organizations in different regions in order to enable them to meet their business objectives. These services primarily consist of technical consultancy, web development, app development, digital marketing, cloud services, outsourcing and co-sourcing. We enable businesses to employ the industry's best talent to help them develop and refine their technology strategy, innovate, execute their roadmap and optimize service quality.

Cloud Services

At NETSOL, we enable modern businesses to access premium cloud solution services with the abilities of AWS. Our team is reinventing the cloud computing and AWS infrastructure to offer scalable, reliable, and agile solutions, with flexibility and sustainability as the most integral components. Since AWS is the most comprehensive and highly adopted cloud offering, we are leveraging its power to ensure lower costs, an exceedingly agile and secure environment and innovative solutions across all domains.

AI Solutions and Services

Pertaining to Artificial Intelligence and Machine Learning, a dedicated team has been working with great enthusiasm. With experience in Machine Learning, Scientific Computing and Computer Vision, they have extensive experience in developing and implementing algorithms for industrial solutions in predictive maintenance. This is a new service offering from NETSOL and by deploying AI solutions and leveraging cutting-edge technologies, we enable clients to optimize production, decrease downtime and provide a holistic view of their business processes.

The Management Team

Asad Ullah Ghauri
Global Head of Sales

Boo-Ali Siddiqui
Director Finance / Chief Financial Officer

Humera Mirza
Senior Vice President Business Management

Muhammad Abdul Wahab Hafeez
Chief Internal Auditor

Syed Umer Qadri
Deputy Global Head of Sales

Muhammad Amir Chaudhry
Head of Business Improvement Group

Mohsin Hanif
Head of Employee Services and Procurement

Sehrish Ishtiaq
Company Secretary

Ayesha Haq
Head of Corporate Communications

Abbas Leghari
Head of BD and SMO

Fawad Ghauri
Head of Digital

Usman Idrees
Head of Business Management Office

Kamran Khalid
Chief Product Officer

Majid Bashir
Head of NFS

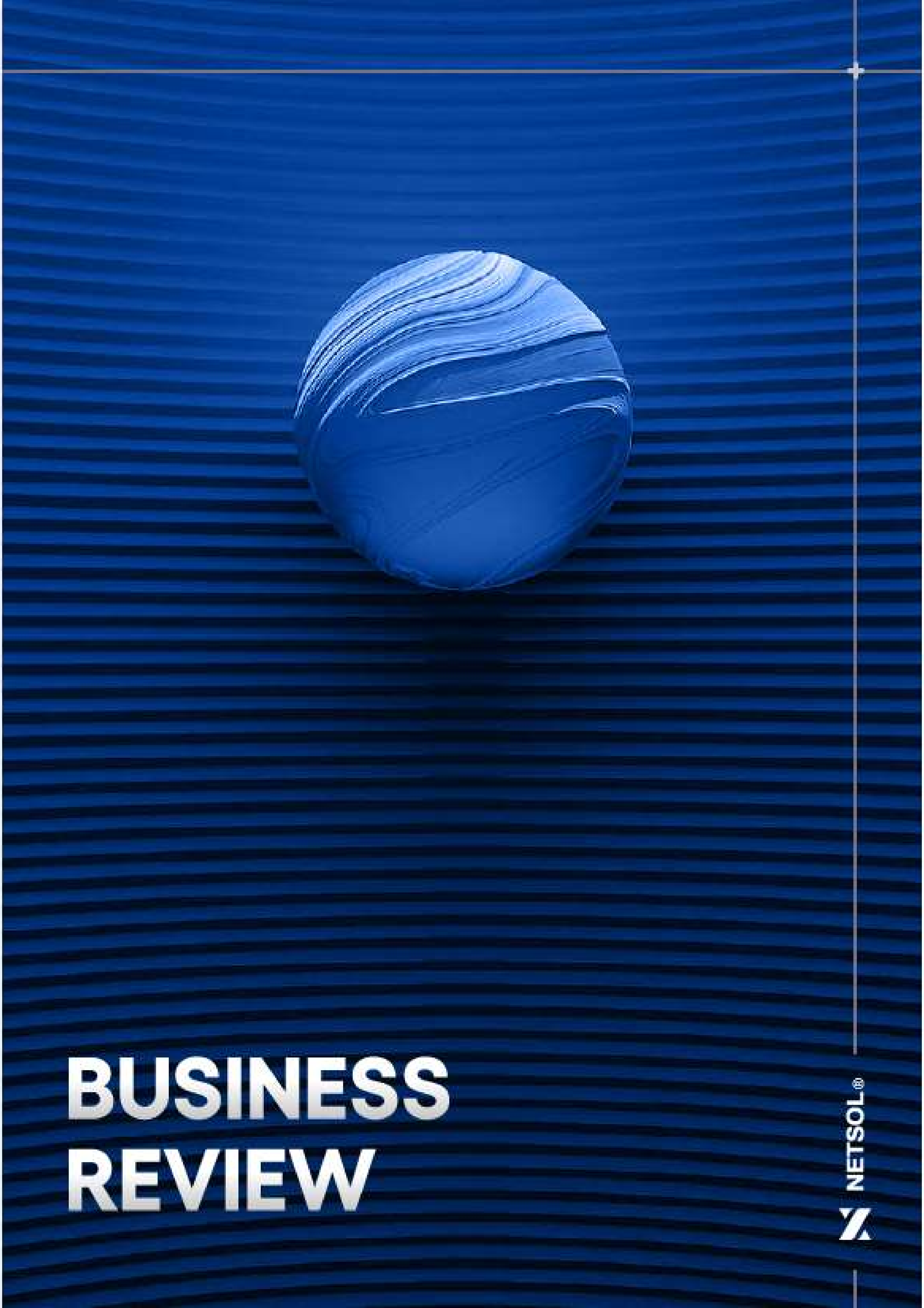
Naheed Kausar Haq
Head of Services, Planning & Facilitation

Furrukh Sohail
Head of Cloud Services

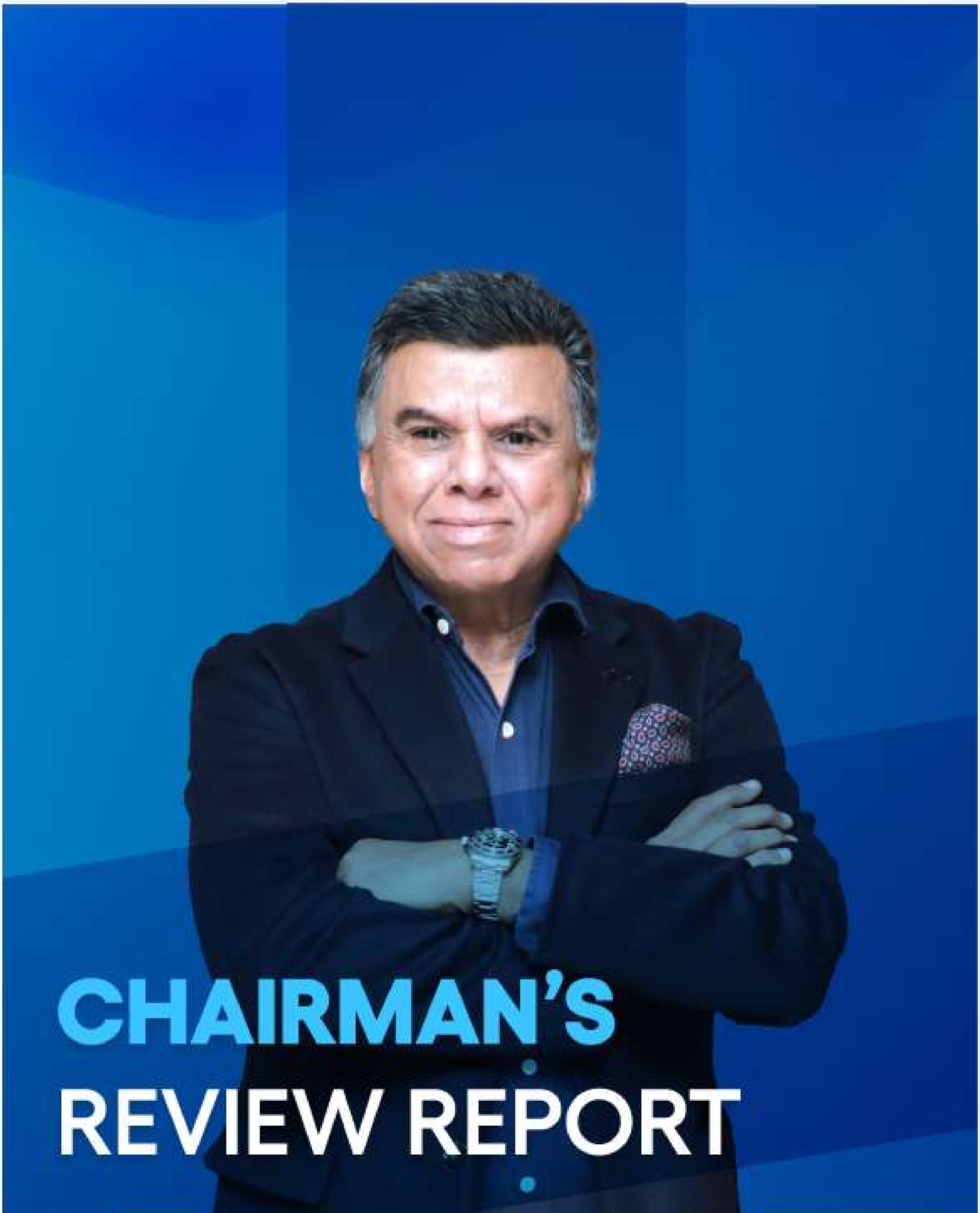
Irfan Zulfiqar Lodhi
Head of Delivery Otoz

Asif Zafar
Head of Network Operations and Services

Ali Aurangzeb
Head of Global Marketing



BUSINESS REVIEW



CHAIRMAN'S REVIEW REPORT

During this past fiscal year, NETSOL has navigated a challenging financial landscape, with the specter of interest rates and inflation, and subsequent rising costs, significantly impacting our operations. Like us, our global clientele have faced hindrances as well, as they are sensitive to interest fluctuations, which have impacted their access to capital and their growth. Despite the difficulties faced, we continue to weather the storm the same way we did during the global health crisis.

Despite all the difficulties the Pakistani economy in particular has been facing, the International Monetary Fund has agreed to $3 billion in funding for the country as it seeks to recover from the ongoing economic turmoil. Amid enduring concerns of the country's potential default, the disbursement of funds brings a crucial respite to the current government, offering much-awaited relief.

The steadfast commitment of our Board of Directors, Management Team and workforce has been a beacon in these unprecedented times, driving us to forge ahead with determination and purpose.

While the environment continues to present multifaceted challenges, we have ended the fiscal year on a positive note.

To counter our increasing costs, we implemented cost-cutting measures, particularly in our Lahore, Pakistan office - our largest support and delivery center worldwide. One of these measures included reducing our head count. However, this was facilitated not just to counter rising costs, but also because our business model is changing and we are transitioning towards becoming a SaaS-based entity. This has enabled us to reduce the number of resources employed by us primarily in Lahore, as well as in other global offices.

Our UNITY Team has been leading the way pertaining to our SaaS-based products for the global credit, finance and leasing industry. We are positioning ourselves as a company with out-of-the-box solutions with minimal customization. These products are offered to clients via flexible, subscription-based pricing options and without the need to pay substantial upfront fees.

As Chairman of the Board, my responsibility involves steering the Board's direction on matters of corporate governance, compliance and the deliberation and approval of strategies shaping the company's future. As our Chief Executive Officer devises strategies for the company and its global operations, the Board of Directors and myself support the CEO in his decisions and plans pertaining to the company's product and service offerings and overall operations worldwide.

As we reflect upon the challenges and achievements we have experienced over the past year, I am reminded of the invaluable contributions NETSOL's Board of Directors has made to our organization's success. The collective expertise of our Board and their willingness to collaborate have been instrumental in steering our organization towards success. In a period marked by unprecedented global challenges, their unwavering dedication, strategic insights and support to our mission have guided us through uncertain waters. The performance of the Board has been satisfactory and I am thankful to each member for their contributions

Together, we have achieved remarkable milestones, and together, we will continue to steer our organization towards a brighter future.

I would also like to take this opportunity to recognize and convey my appreciation for the hard work our employees continue to put in. Our accomplishments, be they in operational efficiency, financial performance or social responsibility, are a direct reflection of their exceptional dedication, invaluable insights and collaborative spirits. Essentially, it is our workforce that has enabled us to weather the storm. I am confident that we will not only overcome the obstacles that lie ahead, but also emerge stronger, more resilient and better positioned to capitalize on future opportunities.

Naeem Ullah Ghauri
Chairman
Lahore
(September 21, 2023)

CEO'S MESSAGE

Three years onwards from the unprecedented global health crisis and having emerged from the subsequent challenges and uncertainties the pandemic presented us with, it is imperative to acknowledge how far we have come. The world has transitioned and we now proceed with life after COVID-19. Change is constant, and as a global entity, NETSOL has re-strategized its business plans and strategies in the markets it serves worldwide.

We have identified areas where we will be focusing on for our main business i.e. the asset finance and leasing industry and our products and services for the financial services industry. Alongside our premier product Ascent and our suite of digital transformation solutions, which we take immense pride in being the pioneers in the industry to introduce, NETSOL has recently moved towards the adoption of an API-first approach via Appex Now, which is essentially the first marketplace for API-first products specifically for the global credit, finance and leasing industry. Two products have been launched under the umbrella of the Appex Now marketplace till now i.e. Flex and Hubex. NETSOL will introduce and launch further products and services under this marketplace in the future.

I have tremendous faith in our collective abilities. Together, we have shown incredible strength and adaptability during these challenging times. Let us harness that same spirit as we navigate the post-pandemic world and shape our company's future.

Alongside other products and services offered by us to our diverse global clientele, we will be continuing to focus on our professional services in all markets worldwide. NETSOL has been offering its professional services to organizations in different regions in order to enable them to meet their business objectives. These services primarily consist of technical consultancy, web development, app development, digital marketing, cloud services, outsourcing and co-sourcing.

Our biggest markets continue to be China, North America and Europe. For professional services, we have already started building revenue and this will be increasing as we continue to enable more businesses worldwide to employ the industry's

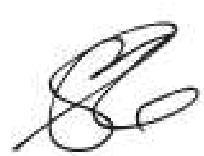
best talent to help them develop and refine their technology strategy, innovate, execute their roadmap and optimize service quality.
Pertaining to our cloud services in partnership with Amazon Web Services, we speculate that revenue will be generated in different areas of our cloud solutions in the very near future. We also have an Artificial Intelligence division.

Our products and services have been adopting artificial intelligence and machine learning and our AI division has been working tirelessly to ensure that our customers attain the full benefits of AI/ ML.

The last few years have tested our resilience, adaptability and strength as individuals and as a company. We have faced unforeseen obstacles and made difficult decisions, but through it all, we have remained united and unwavering in our commitment to weather the storm together. We have also come to appreciate the value of taking care of ourselves and others, both physically and mentally. It has reinforced the need for work-life balance and prioritizing self-care in order to be more effective and fulfilled in all aspects of our lives.

I have tremendous faith in our collective abilities. Together, we have shown incredible strength and adaptability during these challenging times. Let us harness that same spirit as we navigate the post-pandemic world and shape our company's future. I am confident that with our shared determination, creativity and unwavering commitment, we will not only overcome any obstacles but thrive in the face of change. As we look ahead to the future, I have every confidence that together, we will continue to achieve absolute greatness. The unwavering commitment to excellence by our employees and their drive to go above and beyond will undoubtedly lead us to even greater success. We are on an incredible journey, and I am grateful to have such an exceptional team by my side globally.

On behalf of the entire leadership team, I want to extend my deepest appreciation to each and every one who is part of the NETSOL workforce. Your hard work, passion and commitment have not gone unnoticed and have made us a world recognized IT powerhouse. You are the heartbeat of this organization and your contributions make all the difference.



Salim Ullah Ghauri
Chief Executive Officer
Lahore
(September 21, 2023)

Awards and Recognitions

NETSOL Technologies takes pride in being awarded the 'Top IT Exporter Award' at the National IT Seminar 'Untapping IT Potential of Pakistan' by the Pakistan Software Export Board (PSEB). The prestigious award was presented in a ceremony held in Islamabad by the Prime Minister of Pakistan.

NETSOL was selected for the **THIRD CONSECUTIVE YEAR** by Monitor Daily in its feature of the ***'Most Innovative Companies in the Equipment Finance Ecosystem' (Sustaining Category)*** in North America. The same recognition was attained by NETSOL in 2021, 2022 and now in 2023. Monitor Daily has been serving the unique informational needs of the equipment finance and leasing industry for more than four decades. It is the leading source for equipment finance and equipment leasing industry news, articles and opinions.

Global Marketing Activities

Peter Minshall, Jay Edwards and Haider Naqvi representing NETSOL at the American Financial Services Association (AFSA) Vehicle Finance Conference 2023 in Dallas, Texas, USA.

Eva Kellershof at the Motor Finance Conference and Awards 2022 in Berlin, Germany.

Farooq Ghauri at the Australian Finance Industry Association (AFIA) Conference 2022 in Sydney, Australia.

Peter Minshall at the National Vehicle Leasing Association (NVLA) Annual Conference 2022 in Tuscon, Arizona.

Jay Edwards and Peter Minshall at the National Vehicle Leasing Association (NVLA) Annual Conference 2022 in Tuscon, Arizona.

Jay Edwards and James Freto at the Canadian Finance and Leasing Association (CFLA) Annual Conference 2022 in Charlottetown, Prince Edward Island, Canada.

Ayesha Ellis-Aziz and others at the Asset Finance Connect Summer Awards Dinner 2023 in London, England.

Naeem Ghauri and others at a private golf event for customers and friends in Hertfordshire, England.

Farooq Ghauri and Idrees Shah at the Australian Banking Association Conference 2023 in Sydney, Australia.

Eva Kellershof and Ayesha Ellis-Aziz with Wesley Harfield from Investec Asset Finance at the Asset Finance Connect Conference 2023 in London, England.

Activities During the Year

The NETSOL UK Team and representatives from a European customer visited NETSOL's Lahore Office.

NETSOL Cloud Services hosted the first-ever AWS Deepracer League Event in Pakistan.

Mr. Najeeb Ghauri at a panel discussion at NICAT (The National Incubation Center for Aerospace Technologies).

Head of Global Marketing Mr. Ali Aurangzeb was part of the esteemed panel at Quaid-e-Azam Academy for Educational Development, Punjab.

A session by Mr. Salim Ghauri, Mr. Najeeb Ghauri, Mr. Naeem Ghauri and Ms. Amanda Li on work ethics/ culture in China.

Deputy Chief of Mission at the US Embassy in Islamabad Andrew Schofer visited NETSOL.

A meeting with a delegation from Brampton, Canada to discuss potential synergies.

Mr. Salim Ghauri was the keynote speaker at Lahore Garrison University.

NETSOL won The 1st Executive Super League T/20 Cricket Tournament.

Head of HCD attended a panel discussion at the Lahore Chamber of Commerce and Industry.

Mr. Salim Ghauri with members from the UK Team and other guests.

Mr. Ayub Ghauri and other representatives from NETSOL at the P@SHA ICT Awards in Lahore.

NETSOL hosted a remarkable group of computer science students from British Education and Training Systems (BETS).

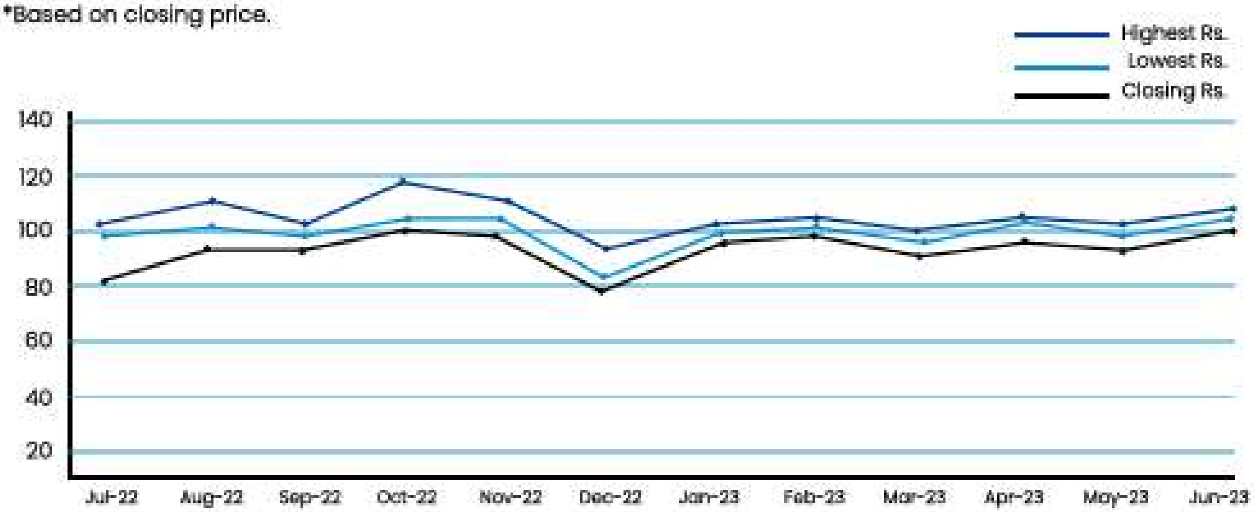
Annual Breakfast made for NETSOL employees by Mr. Salim Ghauri.

Share Price/Volume

The following table shows the monthly high, low and closing share prices of the Company and the volume of shares traded on the Pakistan Stock Exchange Limited during the financial year ended June 2023:

Month	Highest (Rs.)	Lowest (Rs.)	Closing (Rs.)	No.of shares traded	Market Capitilization(Rs.)*
Jul-22	104.66	86.00	98.78	24,035,505	8,676,531,254
Aug-22	107.63	91.55	101.13	34,307,139	8,882,948,023
Sep-22	105.38	95.11	96.60	29,572,880	8,485,046,762
Oct-22	122.97	96.70	101.86	58,171,118	8,947,068,977
Nov-22	120.80	101.98	108.01	52,969,296	9,487,266,053
Dec-22	109.25	80.60	85.84	18,624,342	7,539,921,470
Jan-23	91.50	75.12	84.43	27,538,739	7,416,071,409
Feb-23	89.15	73.00	73.69	17,899,152	6,472,702,856
Mar-23	82.45	71.50	73.23	9,378,890	6,432,297,871
Apr-23	81.80	73.00	78.62	5,890,368	6,905,738,886
May-23	80.15	69.91	72.93	7,389,265	6,405,946,794
Jun-23	82.84	71.70	74.83	14,360,993	6,572,836,948

*Based on closing price.



Shareholder's Information

Registered Office

NETSOL IT Village (Software Technologies Park)
Lahore Ring Road, Ghazi Road Interchange Lahore
Cantt. 54792, Pakistan
Tel: +92-42-111-44-88-00
Fax: +92-42-35726740, 35701046

Listing and Symbol

Equity shares of the company are listed and traded on Pakistan Stock Exchange Limited under the symbol "NETSOL".

Listing Fees

Annual listing fee for the financial year 2022-23 has been paid to Stock Exchange.

Dividend

The Board of Directors in their meeting held on 21 September 2023 has not proposed any dividend appropriation.

Book Closure Dates

Share Transfer Books of the Company will remain closed from 19 October 2023 to 25 October 2023 (both days inclusive).

Share Registrar

Vision Consulting Limited 3-C, LDA Flats,
Lawrence Road, Lahore
Tel: +92-42-36283096, 36283097
Fax: +92-42-36312550

The Share Registrar has online connectivity with Central Depository Company of Pakistan Limited (CDC). It undertakes all activities related to share transfers, transmission, issuance of duplicate/ re-validated dividend warrants, issuance of duplicate/replaced share certificates, change of address and other related matters.

For assistance, shareholders may contact the following designated person of the Registrar:

Contact Person

Mr. Abdul Ghaffar Ghaffari
Manager Shares

Investor Grievances

Contact Persons

Registrar

Mr. Abdul Ghaffar Ghaffari
Manager Shares Vision Consulting Limited 3-C, LDA Flats, Lawrence Road, Lahore.
Tel: +92-42 36283096 and 36383097
Fax: +92-42 36312550 Email:shares@vcl.com.pk

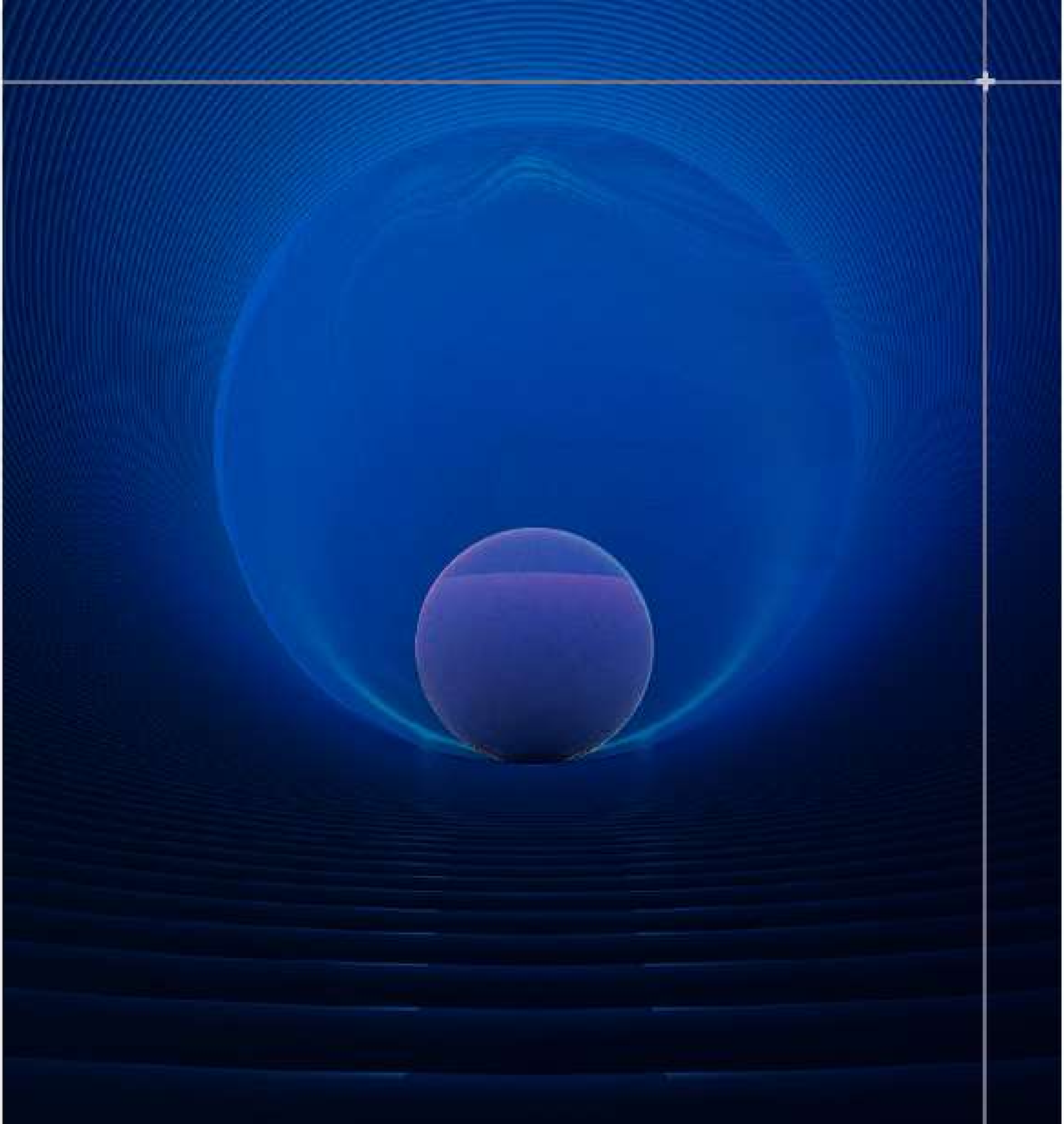
Company

The Company Secretary NETSOL IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. 54792, Pakistan.

Service Standards

We have always endeavored to provide our valued investors with prompt services. Listed below are various services with their maximum time limit set out against each for their execution.

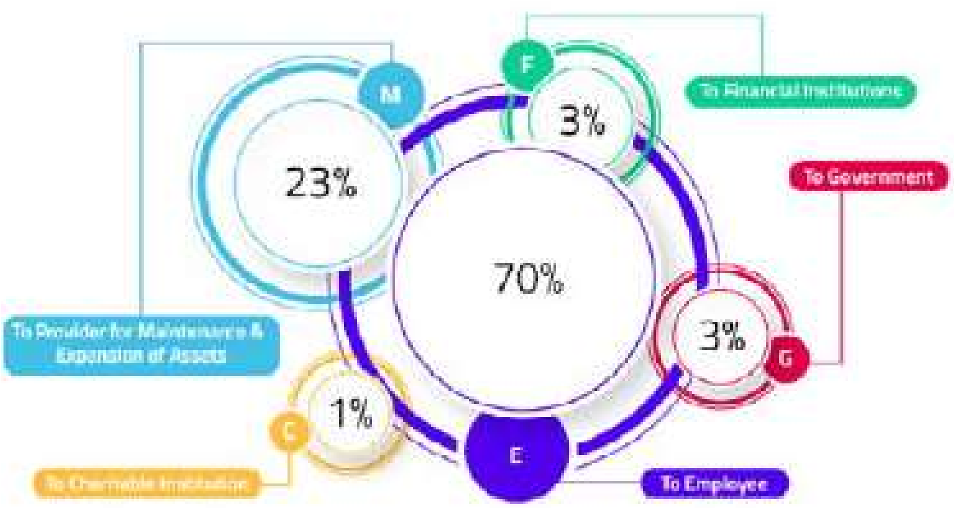
Sr. no	Activities	For Request Received through Post	Over the Counter
01	Transfer of Shares	15 Days after receipt	15 Days after receipt
02	Transmission of Shares	15 Days after receipt	15 Days after receipt
03	Issuance of duplicate share certificates	30 Days after receipt	30 Days after receipt
04	Change of address	02 Days after receipt	15 minutes



FINANCIAL HIGHLIGHTS

Statement of Value Addition

	2023	%age	2022	%age
VALUE ADDITION		Rupees in ('000')		
Revenue	7,670,181		6,116,638	
Other Income	2,013,527		1,073,172	
	9,683,708		7, 189,810	
Less: Operating and General Expenses	2,541,929		1,801,552	
Value Added	7,141,779	100%	5,388,258	100%
VALUE DISTRIBUTION				
To Employee				
Salaries and other employee Benefits	5,039,165	70%	3,970,585	74%
To Government				
Income and other taxes	192,509	3%	139,783	2%
To Financial Institutions				
As markups on borrowings	189,649	3%	59,181	1%
To Charitable Institution	43,242	1%	16,989	1%
To Provider for Maintenance and Expansion of Assets				
Depreciation / Amortization	391,979		288,500	
Retained Income	1,285,234		913,220	
	1,677,213	23%	1,201,710	22%
	7,141,799		5,388,258	



Six Years' Summary

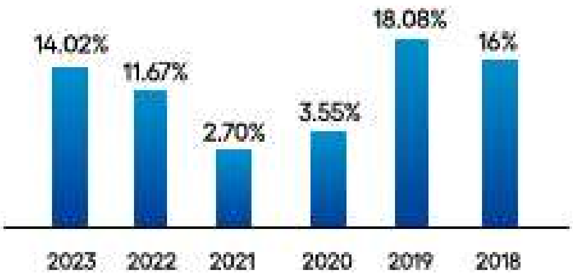
	2023	2022	2021	2020	2019	2018
			Rupees in ('000')			
FIXED CAPITAL EXPENDITURE						
Tangible	1,514,209	1,613,215	1,599,438	1,542,792	1,679,165	1,759,889
Intangibles	40,386	333,890	627,393	920,897	1,214,401	1,507,905
	1,554,595	1,947,104	2,226,831	2,463,689	2,893,566	3,267,794
Long Term Investment	52,281	30,063	208,582	239,827	308,567	308,567
Long Term Loans to Employees	4,392	7,891	3,552	1,571	470	356
Working Capital	7,623,439	5,942,484	4,762,877	4,379,835	3,739,858	3,148,859
NET ASSETS EMPLOYED	9,234,706	7,927,542	7,201,843	7,084,922	6,942,461	6,725,576
Equity and Liabilities						
Shareholder's Equity	9,167,434	7,827,036	7,103,817	6,897,498	6,879,460	6,685,950
Non-current Liabilities	67,272	100,506	98,026	187,424	63,001	39,626
TOTAL FUNDS INVESTED	9,234,706	7,927,542	7,201,843	7,084,922	6,942,461	6,725,576
Revenue from Contracts with Customers - NET	7,670,181	6,116,638	4,947,559	4,708,374	5,381,196	4,284,800
Cost of Revenue	5,408,017	4,011,650	3,147,147	3,142,330	3,290,450	2,346,162
Gross Profit	2,262,164	2,104,988	1,800,412	1,566,044	2,090,746	1,938,638
Operating Expenses	976,930	1,191,768	1,608,825	1,321,204	847,262	872,668
Net Profit for the Year	1,285,234	913,220	191,587	244,840	1,243,484	1,065,970
Earnings per Share	14.63	10.19	2.13	2.73	13.86	11.89
RESERVES AND SHARE CAPITAL						
Reserves	8,269,052	6,928,654	6,205,435	5,999,116	5,982,218	5,788,908
Share Capital	898,369	898,369	898,369	898,369	897,229	897,029

Key Financial Ratios

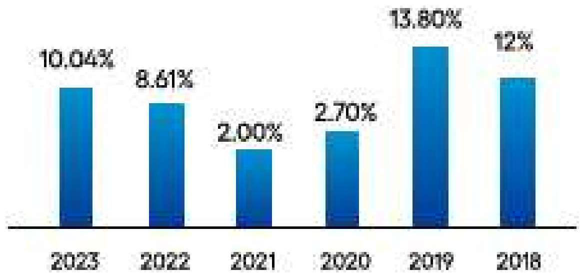
		2023	2022	2021	2020	2019	2018
Working Capital	Rupees in Thousands	7,623,439	5,942,484	4,762,877	4,379,835	3,739,858	3,148,859
Gross Profit	%	29.49	34.41	36.39	33.26	38.85	45.24
Net Profit Margin	%	16.76	14.93	3.87	5.20	23.11	24.88
Return on Equity	%	14.02	11.67	2.70	3.55	18.08	15.94
Return on Assets	%	10.04	8.61	2.00	2.70	13.80	12.35
Debtor Turnover	Times	1.36	2.45	3.00	2.14	2.13	3.20
Current Ratio	Times	3.14	3.22	3.00	3.20	2.81	2.65
Earnings/(Loss) per Share	Rupees	14.63	10.19	2.13	2.73	13.86	11.89
Book Value per Share	Rupees	104.37	89.11	79.07	76.78	76.67	74.53
Outstanding No. of Shares	Shares	87,836,923	87,836,923	89,836,923	89,836,923	89,722,923	89,702,923

Financial Summary

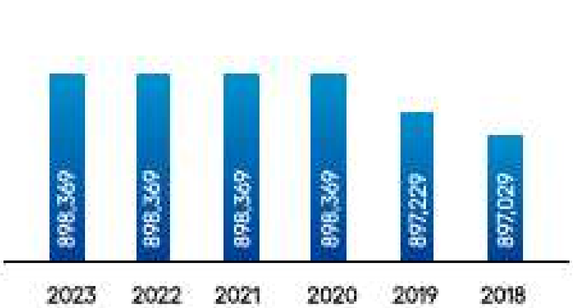
Return on Equity



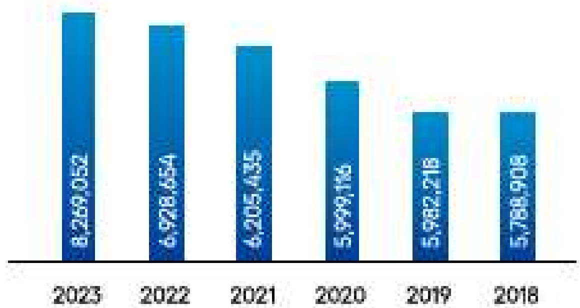
Return on Assets



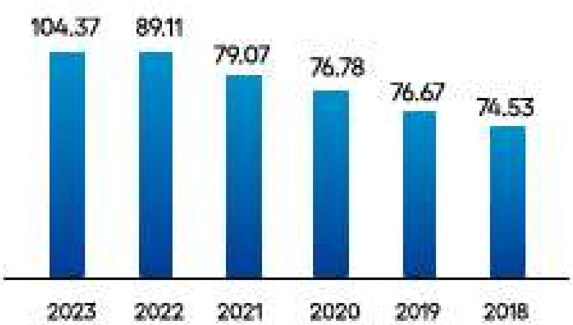
Share Capital (PKR in '000')



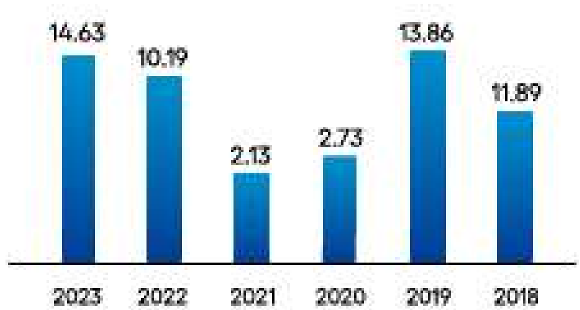
Reserve (PKR in '000')



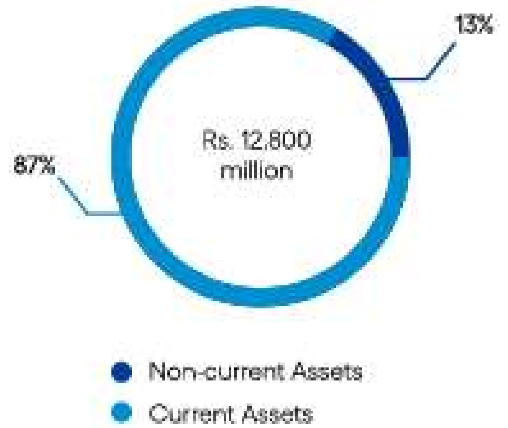
Book Value per Share (PKR)



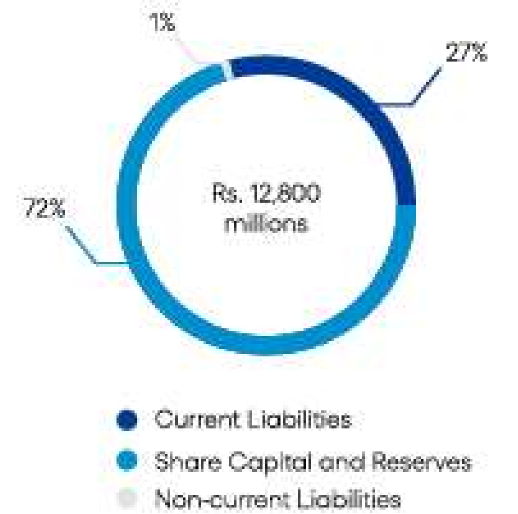
Earnings per Share (PKR)



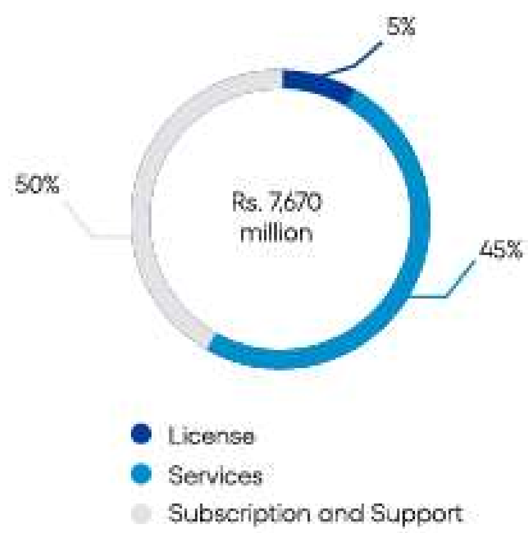
Assets



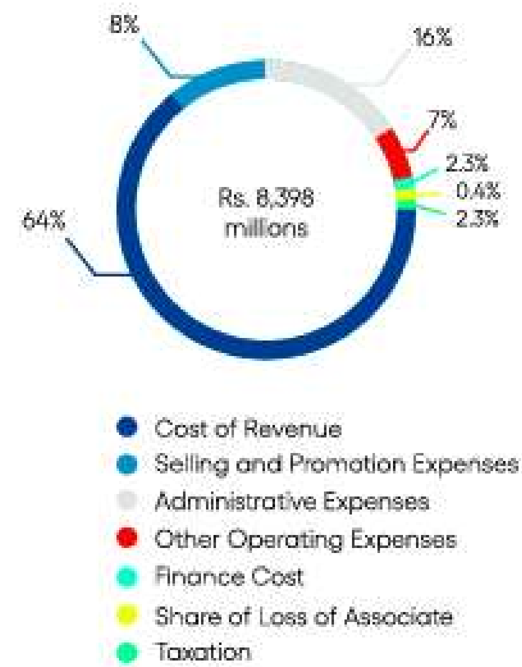
Equity and Liabilities



Revenue



Expenses



HUMAN CAPITAL DIVISION

People and Culture

Our Human Capital Division stands as a cornerstone of our commitment to fostering both individual growth and diversity within our organization. As the driving force behind our workforce development strategies, this division is dedicated to creating an environment where every employee's potential is not only recognized, but also nurtured to flourish.

We that our growth and success are attributable in large part to the high caliber of our employees and our commitment to maintain the values on which our success has been based. We promote a culture of diversity and inclusion and support gender diversity on a global basis. We are an equal opportunity employer with the largest concentration of female employees in our Lahore, Pakistan and US offices. As at June 30, 2023, NETSOL's global workforce comprised of 1953 individuals.

We believe that our well-cultivated corporate culture stands as an indispensable foundation for our achievements.

Our key values encompass the delivery of world-class quality solutions, customer-centricity, timely delivery, effective leadership, fostering long-term relationships, creativity, transparency and professional growth.

Given the scope of NETSOL's product and service offerings, proficiency across numerous domains is imperative, including but not limited to, software engineering, quality assurance, project management, business analysis, technical writing, sales and marketing, as well as exceptional communication and presentation skills.

Central to our division's ethos is the belief that empowered individuals drive collective success. We provide comprehensive training, mentorship and skill-building opportunities to enable our employees to expand their horizons and reach their full potential. Through ongoing learning initiatives, performance feedback and career advancement pathways, we empower our workforce to continuously evolve and thrive in an ever-changing landscape. NETSOL's HCD is steadfast in its dedication to cultivating a workplace that celebrates differences and encourages a multitude of perspectives. By fostering an environment where employees from various backgrounds, cultures and experiences feel valued and respected, we harness the power of diversity to drive creativity, problem-solving and overall organizational success.

Talent Acquisition and Development

In our Human Capital Division, our approach to talent acquisition and development is intrinsically tied to our commitment to fostering both growth and diversity. With a strategic and holistic framework, we ensure that our workforce not only thrives professionally, but that our resources are also provided with well-being initiatives and a supportive working environment.

Our talent acquisition strategy is designed to attract candidates from diverse backgrounds, experiences and perspectives. Due to the growing demand for our core offerings and services, we actively seek out talent from various sources, including educational institutions, industry networks as well as via job fairs. We make our best efforts to ensure that our recruitment efforts yield candidates who enrich our organization with fresh ideas and innovative thinking.

Upon joining our team, each new member experiences a comprehensive onboarding process that emphasizes inclusion and belonging. We introduce them to our organization's values, culture and diversity initiatives from day one, setting the tone for a supportive and collaborative work environment.

NETSOL's development pathways are tailored to accommodate individual goals, aspirations and potential. Through regular performance assessments and open dialogue, we identify areas for growth and design learning plans that encompass both skill enhancement and leadership development. This approach essentially empowers employees to chart their own course to success. Our talent acquisition and development efforts are not merely about filling roles – they are about cultivating a thriving community of professionals who are empowered to grow, innovate and contribute. By embracing diversity and nurturing individual potential, we are not only creating a workforce that excels, but also shaping a future where inclusivity and growth go hand in hand.

Code of Conduct

We remain committed to ongoing investments in the highest quality of human resources, streamlined processes, cutting-edge infrastructure, progressive product development. Uncompromising integrity and professionalism have been the cornerstones of NETSOL's business since its inception. In all that we do, we support and uphold a set of core values and principles. Our future growth depends on each of us understanding these values and principles and continuously demonstrating the uncompromising integrity and professionalism that is the foundation of our company. The Code of Conduct sets forth the standard for how we work together to develop and deliver products, how we protect the values of NETSOL and how we work with customers, suppliers and others. All of us at NETSOL must abide by the Code while conducting any official business. The Code affirms our six principles of conduct:

- All directors and employees and other personnel must observe the laws and regulations in letter and spirit.
- NETSOL does not permit bribery in any form while dealing with the company's business.
- NETSOL requires competition in the marketplace and compliance with anti-trust and competition rules.
- All employees and personnel must maintain the confidentiality of price sensitive information.
- Directors, management, other employees and personnel must not use price sensitive/inside information for their personal advantage.
- All employees of the company and other personnel should avoid situations where personal interests could conflict, or appear to conflict, with the interests of their employer envelopment, and the attainment of certifications of the highest caliber.

Institute of Corporate Advancement at NETSOL (ICAN)

ICAN caters for all the training requirements of NETSOL

ICAN also acts as a change agent: promotes and implements a positive adaptive environment for all to follow

TECHNICAL DEVELOPMENT

TECHNICAL DEVELOPMENT

341

Program Enrollments

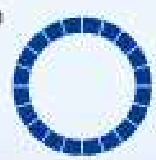
- In Progress 34.7
- Training Completed 65.3

HIGHLIGHTS

- 19 Ascent Frameworks
- 14 Initial Ascent Modules
- 16 Advance Ascent Modules
- 5 Wholesale Ascent Modules
- 4 Regional Middleware Ascent Modules
- 54 Dev trainees included in the Fast Track Program

BAG NEW HIRES TRAINING PROGRAM

This program was curated in collaboration with the BAG team in order to fully enable the BAG new hires on the NFS domain and product



- Training Completed

HIGHLIGHTS

The trainees:

- Go through 3 days of rigorous training regarding the business domain
- Are able to execute various scenarios as part of the Business Test Cases including Retail/WFS
- Have Project Shadowing; opportunity to learn from the BA experts helps in improving their skills

TESTING PROGRAM

446 Program Enrollments

Equipping NETSOL's SMEs with the knowledge and skills regarding the Agile way of working including SCRUM, creating effective User Stories and Scaling Agile. The program provides a flavor of automation testing including Gherkins and Behavior-Driven Development

ASCENT 2.5 TRAINING PROGRAM

A new and upcoming program designed specifically for employees willing to learn about the various frameworks and modules used for the development of the Ascent 2.5 application:

- Search Framework
- Reporting Framework
- Charts Framework
- General Framework Features
- State Management
- Indexed DB
- Scanning
- DUI

Organizational Development

ESSENTIAL SKILLS PROGRAM FOR PROJECT MANAGERS

This program was designed to help young and rising project managers to get started with their roles. At NETSOL, there is a common set of skills that our clients and management imply and expect that a Project Manager should possess.

ART OF GIVING FEEDBACK

Our brains have been wired to believe that feedback is only meant to be 'negative'. However, Feedback is known to be 'The Breakfast of Champions'. This program helps enable all leaders on learning the importance of effective feedback.

QUARTERLY BOOT CAMP

This program is dedicated to improve the soft skills of NETSOL's employees by focusing on key attributes such as self-awareness, active listening, formal email writing, pronunciation and enunciation.

TRAVEL ESSENTIALS PROGRAM

Looking to travel abroad but not sure what are the travel guidelines for the country you are travelling to? Then look no further as the Travel Essentials Program at NETSOL contains guidelines for Australia, China, Dubai, UK, US and many more.

PROFESSIONAL SERVICES - KP-DWS

ICAN stepped into Professional Services and made key contributions for KP-DWS:

- Trainee centric tutorial videos for the KP-DWS LMS
- Training of Trainer Soft Skills program for the IT focal persons of all KP Government departments
- Insightful and end-to-end reporting and analysis

COLLABORATION WITH QUALITY ENGINEERING TEAM

JIRA at NETSOL

JIRA is a project management tool that is widely used in NETSOL. A program is in place which offers an in-depth overview of how to use JIRA as per NETSOL's best practices

ISO 9001:2015

This program provides a walkthrough about ISO 9001 and how this standard is used to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements

Meet ICAN

You can't teach people everything they need to know. The best you can do is position them where they can find what they need to know when they need to know it.

Seymour Papert
Mathematician,
Computer Scientist,
and Educator

NICAT

In November 2022, NETSOL's incubation center had a landmark achievement when it won the bid for the new National Incubation Center for Aerospace Technologies (NICAT) with its consortium members - PAC Kamra, Air University and Innovators Garage. NICAT was set up in collaboration with Ignite (National Technology RnD Fund) and Aviation City Pakistan (ACP), where Ignite is funding NICAT, being housed within ACP's newly-built Alpha Facility at the National Aerospace and Software Technology Park (NASTP) situated at Old Chaklala Airport, Rawalpindi.

NICAT's focus is on aerospace technologies, high-tech engineering and deep technologies related to ICT and connected domains such as cyber security, AR/VR, CnC systems, etc. Through the allied partners and consortium members, startups and businesses have the opportunity to build and/or grow their businesses. The center brings these communities together, provides trainings, access to experts, mentors, networks, access to prototyping and testing facilities (facilities of PAC Kamra) and eventually helps connect them to partners and investors. Through this initiative, NETSOL has become a part of the prestigious and very impactful NICs network, placing the company at a platform of responsibility and opportunity as it aspires to make meaningful contributions to empower the technology and entrepreneurship landscape of Pakistan.

GOVERNANCE

NAEEM ULLAH GHAURI
Chairman

Naeem Ghauri serves as the Chief Executive Officer Innovation and OTOZ. He also is the President of NETSOL's global sales group. While instrumental in numerous transactions, his most significant contribution was his role in closing the TiG NETSOL Joint Venture in 2005. Prior to joining the company, Mr. Ghauri was project director for Mercedes-Benz Finance Ltd., where he supervised over 200 project managers developers, analysts and users in nine European countries. Mr. Ghauri earned his degree in computer science from University of Brighton, England. Currently roles at NETSOL Technologies as Co-Founder, President Global Sales, Chief Executive Officer Innovation and OTOZ NETSOL Technologies.

SALIM ULLAH GHAURI
Chief Executive Officer

Salim Ullah Ghauri began his entrepreneurial life 40 years ago but his real success came when he started NETSOL in 1996. He is the founder and CEO of NETSOL Technologies. Salim Ghauri is a renowned IT Entrepreneur recognized globally. During his foreign experiences he direly felt a need of his skills for contribution in Pakistani IT sector. This motivation was a sense of patriotism intrinsically found in Salim Ghauri, who envisioned a dream of Pakistan having its own leading IT platform. His patriotic energy led to the founding of NETSOL Technologies which became the first company in the country to achieve CMMI Level 5 status. At present, the Honorary Consul of Australia for Punjab and in addition, he has chaired the Federal Government's ICT Task Force. Currently and previously, Salim Ghauri has been called various times by the Prime Ministers and Presidents of Pakistan for his valuable contributions in the IT sector of Pakistan. He has served as a Former Chairman of Pakistan Software Houses Association for IT and ITES (P@SHA). Another major contribution includes American Business Forum (ABF). He has also served as the President of TiE Lahore. He is also a board member for British Business Centre. He is also a certified director by Pakistan Institute of Corporate Governance.

OMAR SHAHAB GHAURI
Executive Director

Omar Ghauri is the COO of NETSOL Technologies Ltd. As COO, he is managing and leading all of company's operations and delivery of NETSOL's Flagship product NFS . With over 18 years of vast and extensive experience in the IT industry, Omar is committed to driving an innovative, impactful and diligent team of engineers. Omar's journey with NETSOL started off as a Business Analyst in 2004 where he analyzed and refined the business and functional requirements of new projects. In 2007, he became the Service Manager for NFS where his prime responsibility was to ensure customer satisfaction and bridge the gap between customers and development teams. From 2008 onwards, he has progressed over the career ladder with utmost zeal and determination until finally becoming in charge of NFS. His experience in both senior and junior roles, over his career history, is a testament to the fact that he has a vast set of skills ranging from leadership to strategic thinking. Omar earned a Bachelor's degree in Computer Information Systems (CIS) from James Madison University, USA. He is also a certified director by Pakistan Institute of Corporate Governance.

Vaseem Anwar
Independent Director

Vaseem Anwar has been actively and rigorously participating in the engineering and construction industry to witness its dynamic growth in Pakistan. Very well known for his leadership skills, his hard work attitude has proven him an exuberant Chief Executive within the organization. After spending early days of education, he migrated to the United States of America for the higher education. Vaseem attained his B.S. in Economics and Construction Management from the University of California at Berkeley. After obtaining the MBA degree from Stanford University, with the emphasis on Global Expansion and Cutting Edge Competitiveness, he joined Echo West International. Under the vision and eighteen years management experience of Vaseem Anwar in the areas of design, planning, construction, construction management, real estate development, the firm has experienced consolidated growth in Pakistan and International markets. Vaseem Anver is a certified director by Pakistan Institute of Corporate Governance.

ANWAAR HUSSAIN
Independent Director

Mr. Anwaar Hussain is the owner and Director of Dawn Group of Companies and Managing Director of Dawn Foods Company. He has a graduate Degree in Business Studies and Information System from University of Buckingham, England. He joined the family business fifteen years ago and since then Dawn Group has flourished into a household brand name nationwide. Mr. Hussain, has been responsible of taking Dawn from being an industrial baker to being a gourmet baker alongside to cater to the niche. His venture of Bread & Beyond attained profitability in record time. This integration in the industry has lead it to become one of the most promising and profitable business of the country. He is a certified director by Pakistan Institute of Corporate Governance.

ZESHAN AFZAL
Independent Director

Mr. Zeshan Afzal joined the company's Board of Directors in 2022 and serves as an Independent Director. He is Chairman of Cordoba Logistics and Ventures Limited and has held several senior positions in the Corporate Sector from being the Chief Executive Officer of various organizations to being a Group Executive Director and Independent Director on various boards of listed and private companies and a foreign board. Mr. Afzal is also a Certified Chartered Accountant from the Institute of Chartered Accountants of Pakistan.Mr. Afzal is also the Founding President of C100 Think Tank (a SECP registered Think Tank) which helps the Government on policymaking and regularly conducts and participates in online sessions with the top CEOs of Pakistan. He has also been Chairman Audit and part of various audit, investment and management committees and has worked on various CSR projects. Having worked globally in the United States, Canada, England and Saudi Arabia, Mr. Afzal moved back to Pakistan from New York to help guide the youth of the country and bring about corporate change. Alongside being a seasoned corporate professional, he is a philanthropist by heart who works on Youth Development across Pakistan. He also runs a free of cost education network for children in Neelum Valley, Kashmir, with several schools and also works for education in FATA, KP, Gilgit-Baltistan and Balochistan.

HAMNA GHAURI
Non-Executive Director

Hamna Ghauri is the Director of Nadoz Greenz. She is managing and leading all of company's operations. Hamna Ghauri wanted to build a brand with an aim to provide natural, nutritious food; food grown without synthetic and potentially harmful pesticides, herbicides and fertilizers. Hamna's dedication, hard work and sheer passion turned this dream come true, when she first started "nadoz greenz" in 2011. After successfully running the farming venture, Hamna Ghauri extensively started researching on Organic Makeup products and formatted a brand name "Amayl" in 2016. Her rigorous working nature and commitment to give back to the community brought "ORGANIC GREEN EARTH" into existence.

DIRECTOR'S REPORT 2023

On behalf of the Board of Directors, we are pleased to present the 27th Annual Report of NetSol Technologies Limited ('NETSOL' or the 'Company') along with the audited financial statements for the year ended June 30, 2023 and the auditors' report thereon.

PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF THE COMPANY

NETSOL Technologies has experienced an exceptional journey during the culmination of the fiscal year ended. Throughout this period, numerous significant developments have taken place, including but not limited to, new contract signings, deployments, the launching of new products and services, new partnerships, enhancements of partnerships and alliances, the inauguration of new support and delivery centers and more.

CONTRACT SIGNINGS

NFS Ascent reaches new heights in Northern Europe

NETSOL's associated company in the UK signed a multi-million-dollar contract for the roll-out of NETSOL's unrivaled and premier platform NFS Ascent in Northern Europe. The customer, a Swedish consumer finance bank, will manage the implementation of NETSOL's next-generation platform Ascent (Retail) on the Cloud alongside NFS Digital. This project will involve a multi-country implementation using the multi-tenancy options available in Ascent and it will be launched simultaneously across the various countries included in the contract which are Sweden, Norway, Denmark and Finland. The new customer is already in business with approximately 1500 partners in Northern Europe, offering a range of asset finance services. The scope of this agreement which covers the European Economic Area along with the United Kingdom, places NETSOL in a great position of opportunity and innovation in Northern Europe.

Signing of a multi-million-dollar contract with a leading Japanese equipment finance company in Australia

NETSOL's sister company in Australia signed an agreement with the finance division of a leading Japanese agricultural and industrial equipment manufacturer. The multi-million-dollar contract is for the deployment of NFS Ascent Retail, which consists of Ascent Omni Point-of-Sale (Omni POS) and Ascent Contract Management System (CMS). The client, who is already using NETSOL's solutions in New Zealand, has also selected NFS Digital touchpoints including Self Point-of-Sale (Self POS), Mobile Point-of-Sale (mPOS) and Mobile Account (mAccount). NETSOL has already provided the user license to the customer and the implementation services, including customization and data migration, are expected to be completed within a year.

Taking innovation to the National Incubation Center for Aerospace Technologies (NICAT)

NETSOL signed a tripartite contract with IGNITE-National Technology Fund and Aviation City Pakistan, for setting up operations of the National Incubation Center for Aerospace Technologies (NICAT) in Islamabad. The NETSOL consortium will host a number of startups every year to encourage creative incubation and possibilities at the center, along with organizing multiple events for promoting aerospace and engineering startups. Through this initiative, NETSOL has become a part of the prestigious and very impactful NICs network, placing the company at a platform of responsibility and opportunity as it aspires to make meaningful developments in the entrepreneurial and technological ecosystem of Pakistan.

NEW PRODUCTS AND SERVICES

The IT landscape in Pakistan and globally is constantly shifting, changing and evolving. NETSOL, being an adaptive IT force at the forefront of innovation, has launched a number of new products and services for its diverse customers across the world.

Launch of 'Appex Now' Marketplace

NETSOL has been focusing on developing SaaS-based products built with an API-first approach. The company introduced 'Flex' as the first product offering from 'Appex Now' - which is essentially the first marketplace developed specifically for the credit, finance and leasing industry by the company.

Flex is NETSOL's newly developed, API-based, out-of-the-box calculation engine which can be integrated seamlessly into an organization's products, services and ecosystem. It is offered in all regions where NETSOL is operating and in partnership with Amazon Web Services (AWS).

Hubex - an API library

As part of Appex Now, NETSOL launched the second product offering of the marketplace - Hubex. Hubex is an API library that enables companies to standardize all their API integration procedures across multiple API services through a single integration. In addition to traditional lending companies, Hubex can also streamline the operations of dealerships, vendors and consultants through an API library. With a ready-to-use service, Hubex makes it easy for businesses to seamlessly connect with multiple APIs and achieve their desired outcomes. Pre-integrated services in the Hubex library include, but are not limited to, payment processing, bank account authentication, finance and insurance products, fraud check, KYC service, driver license verification, address validation, vehicle valuation and notification services.

Partnership with AWS (Cloud Services)

NETSOL has further solidified its strength in the cloud services domain by partnering with Amazon Web Services (AWS). Amazon Web Services is the world's leading, most comprehensive and broadly adopted cloud platform. Utilizing the power of Amazon, NETSOL is providing customers globally, across various sectors with flexible and scalable solutions in an exceedingly agile and secure environment. The company will further leverage important technologies, including artificial intelligence(AI) and machine learning(ML) , blockchain and the Internet of Things.

This partnership allows organizations to benefit from cloud services which is imperative in ensuring decreased costs, increased service reliability and state-of-the-art solutions across all sectors and industry verticals. NETSOL offers a full range of cloud solutions and services ranging from migration to the cloud, application and data modernization, data engineering and unification. NETSOL extended its partnership and earned the following badges during the year:

- NETSOL extended its partnership with Amazon Web Services (AWS) becoming an API Gateway Delivery Partner and also earned the AWS Cloud Formation Badge
- AWS Cloud Formation Badge for its expertise in deploying and managing infrastructure on AWS
- AWS Well-Architected Partner Program Badge
- AWS Lambda Service Delivery Designation

Professional Services

With three decades of accumulated experience, NETSOL is also offering full outsourcing services to companies across all industry verticals catering to the IT needs of diverse businesses ranging from web and app development, IT/technical consultancy, cloud computing, data warehousing, co-sourcing, predictive analysis, artificial intelligence, robotic process automation and more. These services enable an organization to fully utilize their resources for the development and efficiency of their IT objectives, strategies, innovation and the execution of their roadmap of optimum service quality and consumer experience.

NETSOL SIGNED AN AGREEMENT WITH DIGITAL INTELLIGENCE SYSTEMS (DISYS)

During the year, our parent company signed a teaming agreement with Digital Intelligence Systems, LLC (DISYS). This collaboration will leverage DISYS's deep knowledge and expertise in creating financial systems and its resource pool of over 5000 US based engineers will complement and augment NETSOL's growing presence and customer base in the United States. It will further jointly undertake large enterprise-grade programs for existing and new customers in that region. DISYS is headquartered in McLean, Northern Virginia, with more than 70 offices across the globe. It is a worldwide managed services and staffing firm providing application development, business intelligence services, cloud enablement, enterprise resource planning, automated testing solutions, process automation as well as staffing solutions.

SUPPORT AND DELIVERY CENTERS

NETSOL opened a support and delivery center in Peshawar and has also incorporated its subsidiary in Dubai to cater to its growing clientele through expansion of seasoned experts and highly skilled resources. NETSOL remains committed to staying relevant to its customers and adding value to their consumer experience.

Financial Performance

Stand-alone financial statements	30-Jun-23 Rupees	30-Jun-22 Rupees	%age change
Revenue from customers	7,670,180,883	6,116,638,090	25.40%
Gross Profit	2,262,163,885	2,104,988,112	7%
Net Profit	1,285,234,155	913,220,304	40%
Earnings per share –basic (PKR)	14.63	10.19	
Earnings per share –diluted (PKR)	14.59	10.18	
EBITDA per share – diluted (PKR)	23.36	15.76	

During the FY 2022-23, the topline of the Company grew by 25.40% compared to the revenue posted in the previous fiscal year. The company was able to achieve net turnover of PKR 7,670 million as compared to PKR 6,117 million in the preceding year. Revenue of PKR 416 million was recorded on account of license sales due to the implementation of NFS AscentTM at a client site in Australia and license revenue generated from a local customer.

On the Services side, the Company also recorded a handsome amount of PKR 3,405 million in comparison to PKR 2,029 million in the corresponding year for enhancement and customization in the systems deployed at their respective sites. In addition to it, Subscription and Support revenue clocked in at PKR 3,849 million as compared to PKR 3,182 million in the preceding fiscal year. The increase in subscription and support revenue is mainly associated with different customers going into the maintenance phase after their successful implementation.

The IT industry is facing shortage of quality IT resources due to increased demand of IT resources globally. The work-from-home option is opening new opportunities for resources to get better reward for their skills in international markets; and this is causing stress on cost of hiring and retaining the IT resources. Cost of revenue mainly increased due to increase in salaries and benefits costs. In addition to it, travel costs also increased during the period due to the travel of our resources to provide on-site support and implementation to our customers. Gross Margins during the year clocked in at PKR 2,262 million as compared to the corresponding year where margins were recorded at PKR 2,105 million.

The Company posted a net profit after tax of PKR 1,285 million compared to PKR 913 million last year. Included in net profit is PKR 1,696 million on account of currency exchange gain due to depreciation in the Pakistani Rupee compared to PKR 790 million in the comparable period. This profitability has translated basic and diluted earnings per share to clock in at PKR 14.63 and 14.59 respectively in comparison of PKR 10.19 and 10.18 in the corresponding period. Earnings per share have been calculated after considering the effect of treasury stock as well as stock options. The Company posted net EBITDA profit of PKR 23.36 per diluted share compared to PKR 15.76 in the corresponding year.

The Company also consolidates financial results of its wholly owned subsidiary "NETSOL Innovation (Pvt) Limited" and its newly incorporated Dubai based wholly own subsidiary "NETSOL Ascent Middle East Equipment Trading LLC". NETSOL Innovation is mainly involved in the provision of professional services including Amazon Web Services. Currently a team is being built up to provide AWS services and a very nominal revenue has so far been recognized thus resulting in losses for the year. Similarly, NETSOL Ascent Middle East has just been incorporated this year with no business operations so far.

Net consolidated revenues for the year ended June 30, 2023, were PKR. 7,788 million compared to PKR 6,185 million in 2022. Consolidated gross profit for the year was PKR 2,150 million compared to PKR 2,081 million in last year. On a consolidated basis, the company posted net consolidated profit of PKR 1,038 million in the current year compared to PKR 872 million in last year. Basic and diluted earnings per share for the year ended June 30, 2023 were PKR 11.82 and 11.79 respectively in comparison to PKR 9.73 and 9.72 last year.

DIVIDEND

The Company is in the transformational phase and focused on generating incremental and more predictive revenue by investing in new verticals and markets. Both these areas require heavy capital injection. The board has cautiously reviewed declaration of any entitlement and is of the view that any declaration of entitlement at this stage will negatively impact company's future strategic plans, and, therefore, has not declared any entitlement to its shareholders. However, the board is very optimistic about long-term future of the company and its valued shareholders.

FUTURE OUTLOOK

As an IT powerhouse in Pakistan with operations across the globe, the future is brimming with possibilities. With a strong talent pool, a commitment to innovation, diverse product and service offerings and increasing global recognition, NETSOL will continue to maintain its position as a leading solutions provider primarily to the financial services industry. The key lies in harnessing these factors to drive sustainable growth, foster innovation and attain new business worldwide.

Products

With the company's premier, next-generation platform **NFS Ascent** successfully rolled out across all of NETSOL's global operational regions, NETSOL will continue the promotion of its core solution for both Tier-1 and Tier-2 clients in North America, Europe and Asia-Pacific. We will also continue to offer NFS Ascent on the Cloud, enabling smaller financial institutions to attain access to the same premier product used by blue-chip and Fortune 500 companies worldwide. Drawn by the advantages of a flexibility of subscription-based pricing models, these businesses will also gain from a swift deployment process and the no upfront license fees and the

ability to effortlessly scale as demands evolve. For customers that are using legacy systems, whether those of NETSOL or its competitors, the goal is to have them replace these systems with cutting-edge technology via NFS Ascent to futureproof their operations.
NETSOL will also continue the promotion of its suite of digital transformation solutions – **NFS Digital**. These products can be used with or without NFS Ascent to effectively augment and enhance a client's ecosystem. The company takes pride in being the first organization in the global asset finance and leasing industry to offer a full suite of digital transformation solutions.

The company's latest product offering – Appex Now, which is the first marketplace for API-products specifically for the financial services industry, is already being used by customers in both North America and Europe. NETSOL will continue its focus on providing these SaaS-based, out-of-the-box offerings for customers globally. AppexNow products such as Flex, Hubex, Dock, Index, Lane, Tax Engine, Accounting, Customer Care Portal, RMS, Payoff and others cover the entire credit lifecycle and can function independently or by integration with other products.

Services

NETSOL will continue its transition to both a product and service-oriented entity. The company's **professional services** and **cloud services** which have started generating revenue, are available worldwide and the company speculates that continued growth will take place in this regard. NETSOL will also continue providing its **services in artificial intelligence.**

Continued Innovation

As a pioneering force in innovation and a digitally agile entity, NETSOL places significant investments into its research and development endeavors. The company's core focus centers around ensuring the future resilience of its clients' operations against the backdrop of emerging technologies and transformative business models.
NETSOL's steadfast commitment to innovation is evident through its Innovation Lab, where continuous efforts are directed toward harnessing technologies that are gaining escalating prominence within the financial services industry. These include artificial intelligence/machine learning, data analytics, blockchain and more.

Continued Presence at Industry-Leading Events

It is imperative for the company to maintain its presence at annual industry-leading conferences, conventions, summits and other events worldwide. NETSOL will continue to sponsor, exhibit at or simply attend these events, as part of its lead-generation activities.

AWARDS AND RECOGNITION

NETSOL was selected for the THIRD CONSECUTIVE YEAR by Monitor Daily in its feature of the ***'Most Innovative Companies in the Equipment Finance Ecosystem'*** (Sustaining Category) in North America. The same recognition was attained by NETSOL in 2021, 2022 and now in 2023.

The company also takes pride in being awarded the ***'Top IT Exporter Award'*** at the National IT Seminar 'Untapping IT Potential of Pakistan' by the Pakistan Software Export Board (PSEB). The prestigious award was presented in a ceremony held in Islamabad by the Prime Minister of Pakistan.

PRINCIPAL RISK AND UNCERTAINTIES FACING THE COMPANY

Below are certain risk factors which may have an impact on the future performance of the Company.

RISK FACTORS

STRATEGIC RISK

In order to manage its strategic risks, NETSOL regularly identifies and keeps track of the latest trends in the dynamic and evolving global finance and leasing space. By working on important technologies that have gained traction in the industry, NETSOL ensures that its clients remain a step ahead in the market and most importantly, have a futureproof business.

OPERATIONAL RISKS

The company carefully and constantly assesses and analyzes the market and the global industry in which it operates. With Business Continuity Plans in place, the company continues to ensure zerodisruption to its operations in theevent of pandemics, natural disasters or other circumstances. The global NETSOL team continues to ensure uninterrupted services to its clients across the world.

CYBER SECURITY THREATS

Due to the severe impact cyber-crimes and attacks can cause, their borderless nature and the fact that they can evolve swiftly, it is imperative to have stringent security mechanisms in place for companies to protect their ICT infrastructure. NETSOL has the most state-of-the-art and unrivalled security mechanisms and measures in place in order to ensure confidentiality and privacy of the entity's data, and that of its clients and employees. The company has deployed various stringent controls including an intrusion prevention system, encryption at rest and in transit,data access on need to know basis and secure transmission protocols for servers and clients.

NETSOL successfully achieved SOC 2 Type 1 and 2 compliance with a global audit conducted by A-LIGN, a technology-enabled security and compliance partner trusted by more than 2500 global organizations to help mitigate cybersecurity risks. Previously, NETSOL had already attained SOC 2 Type 1 compliance. By further attaining SOC 2 Type 2 compliance, the company continues to demonstrate its dedication to safeguarding the data of its clients and their customers. This achievement affirms that all system requirements have been met in accordance with the security standards outlined by AICPA (the American Institute of Certified Public Accountants), as defined by the applicable trust services criteria. The examination of NETSOL's suite of products and software services was carried out at its Calabasas, California; London, England; Beijing, China; Sydney, Australia and Lahore, Pakistan facilities.

FOREIGN EXCHANGE RISK

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company is exposed to foreign currency risk on trade debts, some payables and revenues which are entered in a currency other than Pak Rupee. The majority of the revenue of the Company comes from contracts in currencies other than the Pak Rupees. The Company also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

LIQUIDITY RISK

Liquidity risk reflects an enterprise's inability in raising funds to meet its commitments. The Company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and liabilities. We however follow an effective cash management and planning policy to ensure ready availability of funds and to take appropriate actions for any new requirements.

CREDIT RISK

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The Management also continuously monitors credit exposure towards its customers and makes provision, if required against any balance considered doubtful of recovery.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from short and long term borrowings from banks, term deposits and deposits in profit and loss/saving accounts with banks and investments in mutual funds.

MAIN TRENDS AND FACTORS LIKELY TO AFFECT THE FUTURE DEVELOPMENT, PERFORMANCE AND POSITION OF THE COMPANY'S BUSINESS

NETSOL's future development, performance and position will be significantly influenced by its continued ability to harness technological innovation, adapt to changing business paradigms, navigate regulatory complexities and address the evolving needs and expectations of its diverse global clientele. Staying agile, forward-thinking and responsive to these trends and factors will be pivotal in achieving sustained success in the dynamic and ever-evolving landscape.

The company remains dedicated to two core principles: innovation and adaptability. In pursuit of these principles, NETSOL continues to prioritize product enhancements, particularly for its premier, modern technology platform - NFS Ascent. This ongoing commitment aims to empower the company's diverse global clientele, which includes blue-chip organizations and Fortune 500 companies, with futureproof business solutions and a distinct competitive advantage.

The rapid pace of technological evolution continues to revolutionize the financial services industry . Companies need to stay at the forefront of emerging technologies, such as artificial intelligence (AI), machine learning, cloud computing, blockchain, and the Internet of Things (IoT). Innovation in these areas not only fuels new revenue streams but also enhances competitiveness by providing cutting-edge, futureproof solutions to clients.

NETSOL's innovation lab and dedicated research and development teams are resolute in their mission to solidify the company's position as the preferred global vendor for clients. These teams work tirelessly to ensure that clients fortify their operations against future challenges while safeguarding NETSOL's industry eminence. The focal point remains steadfastly on addressing client needs and aligning with the emergent technologies gaining prominence within the global finance and leasing sector.

These include, but are not limited to, artificial intelligence/machine learning, big data and IoT.

Growing environmental concerns have elevated the importance of sustainability within the IT industry. Companies are under pressure to minimize their carbon footprint by adopting green computing practices, optimizing energy consumption and developing eco-friendly solutions that align with broader sustainability goals. NETSOL stringently adheres to all these concerns.

Global economic trends, such as economic downturns, market volatility and currency fluctuations can impact the company's spending and investments.

It is therefore, imperative to maintain financial resilience and flexibility to navigate through economic uncertainties.

IMPACT OF COMPANY'S BUSINESS ON THE ENVIRONMENT

In light of numerous climate-related occurrences globally, conscientious businesses across the world are redirecting their focus towards climate and environmental sustainability. Operating as a software development entity as opposed to a manufacturing enterprise, NETSOL's operations inherently lack any detrimental environmental impact. However, as the company engages in global business operations, it remains equally committed to preserving the environment through the adoption of sustainable practices.

Recognizing the challenges posed by global climate change, the company acknowledges its responsibility and commitment to address this issue as a global entity. NETSOL, being borderless in nature, is resolute in utilizing all available resources to combat this challenge. In pursuit of this objective, the company actively eliminates wasteful practices and optimizes energy efficiency across all its processes.

At the heart of a paperless organization lies digitization, and NETSOL's flagship offering, NFS Ascent, along with its digital transformation solutions NFS Digital, and its other products and service offerings, empower clients to eliminate their reliance on paper. Through digitization, a paperless ecosystem is fostered, delivering a favorable environmental impact. In NETSOL's own operations across its worldwide offices, the reliance on paper has seen significant reduction. The company now functions with minimal paper usage and is actively pursuing further reduction in its utilization.

Additionally, NETSOL's Lahore office initiated annual tree plantation campaigns, engaging both employees and senior management in this collective effort. Recognizing their significance, these tree planting initiatives are instrumental in addressing climate change, fostering a greener environment and curbing issues like smog.

By boosting oxygen levels and elevating respiratory well-being, these efforts contribute to enhancing the overall health of the city's inhabitants. NETSOL places strong emphasis on promoting environmentally-conscious actions, not merely for present times, but to ensure a sustainable legacy for generations to follow.

CHANGES DURING FINANCIAL YEAR CONCERNING NATURE OF THE BUSINESS OF THE COMPANY OR OF ITS SUBSIDIARIES AND JOINT OPERATION

During the year, the Company has established its wholly owned subsidiary in Dubai under the name and style "NetSol Ascent Middle East Computer Equipment Trading LLC". The subsidiary will be engaged in the business of development and sale of computer systems and communication equipment software.

RISK MANAGEMENT

The Risk Management Committee comprises of three members including an Independent Director.

The Committee has been constituted to address and improve risk oversight and risk management within the Company. The Risk Management Infrastructure of the company is based upon Enterprise Risk Management methodology/ framework addressing the major risk categories including strategic, operational, compliance and financial reporting risks. Adequate controls, manual as well as automated, have been designed and communicated to the staff via various policy and procedural guidelines which are executed and self-assessed by the process/control owners. An independent internal audit department, under direct reporting to the Board Audit Committee, evaluates and oversees the design and operating effectiveness of these controls.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board has the ultimate responsibility to establish and maintain adequate internal controls over financial reporting. We have an independent internal audit department functionally reporting to the Board Audit Committee and administratively to the CEO.

The Board Audit Committee annually approves the audit plan, based on an annual assessment of the operating areas. Internal audit provides recommendations which are taken up by the management to remediate control lapses. The observations are shared on a quarterly basis with the Board Audit Committee, Chief Executive Officer and the concerned divisional management. The role of internal audit function continues to change in reaction to events, risk and regulation affecting the Company whilst ensuring that its mandate is aligned with the organizational objectives.

Our internal controls are designed to provide reasonable assurance regarding the reliability of our financial reporting and preparation of our external financial statements in accordance with the International Financial Reporting Standards. Due to inherent limitations of any internal control system, the management acknowledges that there may be limitations as to the effectiveness of internal controls over financial reporting and therefore recognizes that only reasonable assurance can be gained from any internal control system. The Company, however, maintains an effective internal control framework comprising of clear structures, authority limits and accountabilities and well understood policies and procedures for review processes.

STATEMENT OF COMPLIANCE

The statement of compliance under the Listed Companies (Code of Corporate Governance), Regulations 2019 is attached with this report.

DIRECTORS' REMUNERATION

The Company does not pay remuneration to non-executive directors including the independent director except fee for attending the meetings. The Company will reimburse or incur expenses on travelling and accommodation of Directors in relation to attending of Board and its Committees meetings. Aggregate amount of remuneration of executive directors, including their salary, perquisites, benefits and performance-linked incentives are disclosed in the annexed financial statements.

COMPOSITION OF THE BOARD

Composition of the Board of Directors is in compliance with the requirement of Listed Companies (Code of Corporate Governance), Regulations 2019 which is given below.
The total number of directors is seven (07) as per the following:

Gender	Number
Male	06
Female	01

NAME OF THE DIRECTORS

Following are the Board members of the Company as at June 30, 2023:

Names of Directors	Designation
Mr. Naeem Ullah Ghauri	Non-Executive Director
Mr. Salim Ullah Ghauri	Executive Director
Mr. Vaseem Anwar	Independent Director
Mr. Anwaar Hussain	Independent Director
Ms. Hamna Ghauri	Non-Executive Director
Mr. Zeshan Afzal	Independent Director
Mr. Omar Ghauri	Executive Director

During the year ended June 30, 2023, six (06) board meetings were held.
The Board has also made sub-committees that have significantly contributed in achieving desired objectives. These committees include:

AUDIT COMMITTEE

The Board of Directors, in compliance with the Code of Corporate Governance, has established an Audit Committee comprising of the following three (03) members:

Names of Directors	Designation
Mr. Anwaar Hussain	Chairman – Independent director
Mr. Vaseem Anwar	Member – Independent director
Ms. Hamna Ghauri	Member – Non-executive director

Audit Committee duly reviewed and approved all quarterly, half yearly and annual financial statements before their submission to the board of directors and publication.
During the year ended June 30, 2023, four (04) meetings of the Audit Committee were held.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

In compliance with the Code of Corporate Governance, the Board has also established a Human Resource and Remuneration Committee to provide recommendations to the Board regarding selection, evaluation and compensation of key management positions. The current committee comprises of the following members:

Names of Directors	Designation
Mr. Zeshan Afzal	Chairman – Independent director
Mr. Vaseem Anwar	Member – Independent director
Mr. Salim Ullah Ghauri	Member – Executive director

During the year ended June 30, 2023, the Committee held one (01) meeting to discuss and approve the matters falling under the terms of reference of the Committee.

RISK MANAGEMENT COMMITTEE

The Board has also established a Risk Management Committee to provide recommendations to the Board regarding identification, assessment and mitigation of the risks.
Highlighted risks are prioritized according to their impact and likelihood, with remedial actions being devised accordingly. The current committee comprises of the following members:

Names of Directors	Designation
Mr. Vaseem Anwar	Chairman – Independent director
Mr. Zeshan Afzal	Member – Independent director
Mr. Omar Ghauri	Member – Executive director

During the year ended June 30, 2023, the Committee held one (01) meeting to discuss and approve the matters falling under the terms of reference of the Committee.

NOMINATION COMMITTEE

The Board has also established a Nomination Committee which comprises of the following members:

Names of Directors	Designation
Mr. Vaseem Anwar	Chairman – Independent director
Mr. Zeshan Afzal	Member – Independent director
Mr. Omar Ghauri	Member – Executive director

PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS AND THE BOARD COMMITTEES

The primary purpose of the Board of Directors of the company is to direct the company's affairs collectively and ensure organizational prosperity, while also making sure that the interests of shareholders and stakeholders of the company are being protected. As per the Listed Companies (Code of Corporate Governance) Regulations 2019, evaluation of the Board of Directors as a whole is required, including its Committees and the involvementof each Director towards the strategic direction and growth of the company. This evaluation was facilitated in order to define competencies required within the Board, taking into consideration the role and input of the individual members, and to highlight future aspects that require attention. A comprehensive questionnaire was sent out by the Human Resource and Remuneration Committee to all Board Members pertaining to the performance evaluation of the Board of Directors and its Committees.

Primary areas of concern included the following:

- Alignment of corporate goals and objectives with the vision and mission of the company
- Strategy formulation for sustainable operations
- Board independence
- Evaluation of the Board's Committees performance in relation to discharging their responsibilities set out in respective terms of reference

On the basis of each Individual Director's feedback and thereby consolidated evaluated results, average rating of the Board,

Individual Directors and committees performance has been found satisfactory and effective.

DIRECTORS' TRAINING PROGRAM

BOARD OF DIRECTORS

All the board members have either completed Directors Training Program or are exempt as per criteria specified in Listed Companies (Code of Corporate Governance) Regulations, 2019.

HEADS OF DEPARTMENTS AND FEMALE EXECUTIVES

Pursuant to the requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2019 regarding the training of at least one head of department and one female executive every year, under the Directors' Training Program, appropriate measures have been taken to ensure that the Company complies with the requirement within the time period stipulated by the Code.

REVIEW OF RELATED PARTY TRANSACTIONS

All the related party transactions in the ordinary course of business are entered on arm's length basis and are in compliance with the applicable provisions of the Companies Act, 2017. There are no materially significant related party transactions made by the Company with Directors or Key Managerial Personnel which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders. All related party transactions during the current financial year were placed before the Board Audit Committee for its review and then to the Board for their approval.

HOLDING COMPANY

NetSol Technologies Inc., 16000 Ventura Blvd, Suite 770, Encino, CA 91436, USA holds majority of the shareholding of the Company.

APPOINTMENT OF AUDITORS

The present external auditors' Messrs H.Y.K & Co., Chartered Accountants retire and being eligible, offer themselves for reappointment. The Board of Directors has endorsed the recommendation of the Audit Committee for the reappointment of Messrs H.Y.K & Co., as the auditors for the financial year ending June 30, 2024 on such terms and conditions and remuneration as may be decided. The external auditors have confirmed that they have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and are registered with Audit Oversight Board of Pakistan.

They have further confirmed that their firm is in compliance with International Federation of Accountants' (IFAC) guide-lines on Code of Ethics as adopted by the ICAP. The external auditors have not been appointed to provide other services except in accordance with the Listing Regulations.

PATTERN OF SHAREHOLDING

A statement of the general pattern of shareholding as at June 30, 2023 along with pattern of shareholding of certain classes of shareholders whose disclosure is required under the reporting framework and the statement of purchase and sale of shares by directors, executives and their spouse including minor children during the fiscal year 2023 is annexed herewith.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of this report, except as disclosed in this report, if any.

ACKNOWLEDGEMENT

The Board of Directors places on record its appreciation for the continued support by its respected shareholders, valued customers, government agencies and financial institutions. The Board also expresses its appreciation for the services, loyalty and efforts being continuously rendered by all the employees of the Company and hope that they will continue with same efforts in future.

On behalf of the Board

Salim Ullah Ghauri
Chief Executive Officer

Omar Ghauri
Director

Lahore
September 21, 2023

ہمیں خوشی ہے کہ ہم بطرف بورڈ آف ڈائریکٹرز نیٹ سول ٹیکنالوجیز لمیٹڈ ("نیٹ سول" یا "دی کمپنی") کی ستائیسویں سالانہ آڈٹ شدہ مالیاتی گوشوارے جس کا اختتام 30 جون 2023 کو ہوا مع آڈیٹرز رپورٹ پیش کر رہے ہیں۔

کمپنی کی کارکردگی اور ترقی کی بنیادی سرگرمیاں

- اختتام پذیر مالیاتی سال کے دوران نیٹ سول ٹیکنالوجیز کا سفر انتہائی خوشگوار رہا ہے۔ اس دورانیے میں کئی نمایاں پیش رفت سامنے آئیں جس میں نئے معاہدوں کا اطلاق، ڈیجیٹل سلوشنز، نئی پروڈکٹس اور سروسز کا افتتاح، نئی شراکت داریاں، شراکت داریوں اور اتحاد میں توسیع، نئے سپورٹ اور ڈلیوری سنٹر کا افتتاح وغیرہ شامل ہیں۔

طے شدہ معاہدہ

<u>شمالی یورپ میں NFS Ascent کے عروج پر</u>

- برطانیہ میں نیٹ سول کی ذیلی کمپنی نے شمالی یورپ میں نیٹ سول کے ایک منفرد اور پریمیئر پلیٹ فارم NFS Ascent کو متعارف کرانے کے لئے ملٹی ملین ڈالر کا معاہدہ کیا ہے۔ صارف، ایک سویڈش کا کنزیومر فنانس بینک، نیٹ سول کے next-generation کے پلیٹ فارم Ascent(Retail) کو کلاؤڈ اور NFS Digital پر چلانے کے لئے استعمال کرے گا۔ یہ پروجیکٹ کثیر ممالک میں اطلاق پذیر منصوبہ ہے جو Ascent میں موجود مختلف صلاحیتوں کے حامل آپشنز کو استعمال کرے گا اور سویڈن، ناروے، ڈنمارک اور فن لینڈ جیسے متعدد ممالک میں اسے ایک ہی وقت میں متعارف کرایا جائے گا۔ نیا صارف پہلے ہی شمالی یورپ میں تقریباً 1500 پارٹنرز کے ساتھ مصروف عمل ہے جو متعدد ایسٹ فنانس سروسز فراہم کر رہا ہے۔ اس معاہدے سے کاروبار کو یونائیٹڈ کنگڈم میں یورپی معاشی شعبوں کا احاطہ کرتا ہے جس سے نیٹ سول کو شمالی یورپ میں جدت میں مواقع اور اشتراکات کے حوالے سے ایک نمایاں مقام بنانے میں مدد دی ہے۔

<u>آسٹریلیا میں معروف جاپانی آٹوموٹیو فنانس کمپنی کے ساتھ اہم کثیر ملین ڈالر کا معاہدہ</u>

- آسٹریلیا میں نیٹ سول کی ذیلی کمپنی نے معروف جاپانی زرعی صنعتی آٹوموٹیو مینوفیکچرر کے مالیاتی شعبے کے ساتھ معاہدہ طے کیا ہے۔ یہ لاکھوں ڈالر کا معاہدہ، NFS Ascent Retail کو متعارف کرانے کے لئے طے کیا گیا ہے جس میں Ascent Omni Point-of-Sale (Omni POS) اور Ascent Contract Management System (CMS) شامل ہیں۔ نیز کلائنٹ جو نیوزی لینڈ میں نیٹ سول کے سلوشنز پہلے ہی استعمال کر رہا ہے، نے شمول NFS Digital پیکج پر مشتمل شمول Mobile Point-of-Sale(mPOS)، Self Point-of-Sale(Self POS) اور Mobile Account(mAccount) کا انتخاب کیا ہے۔ نیٹ سول نے صارف کو لائسنس فراہم کر دیا ہے اور کسٹمائزیشن اور ریئل ٹائم جیسی اطلاقی خدمات ایک سال کے اندر مکمل ہونے کی توقع ہے۔

<u>نیشنل انکیوبیشن سنٹر فار ایرو سپیس ٹیکنالوجیز (NICAT) میں جدت لانا</u>

نیٹ سول نے اسلام آباد میں نیشنل انکیوبیشن سنٹر فار ایرو سپیس ٹیکنالوجیز (NICAT) کے آپریشنز کے قیام کے لئے IGNITE نیشنل ٹیکنالوجی فنڈ اور ایوی ایشن سٹی پاکستان کے ساتھ ایک سہ فریقی معاہدہ کیا ہے۔ نیٹ سول کنسورشیم ہر سال کئی سٹارٹ اپس کی حوصلہ افزائی کرے گا تاکہ سنٹر میں ٹیکنالوجی انکیوبیشن اور امکانات کی حوصلہ افزائی کی جائے اور بزنس اور انجینئرنگ سٹارٹ اپس کی ترویج کے لئے تقریبات کا انعقاد کیا جا سکے۔ اس اقدام سے نیٹ سول NICs نیٹ ورک کا حصہ بن چکا ہے جس نے کمپنی کو شراکت داری اور مواقع پر مبنی پلیٹ فارم پر کھڑا کر دیا ہے کہ پاکستان کی کاروباری ٹیکنالوجی ایکو سسٹم میں بامعنی ترقی کو بڑھا جائے گا۔

- نئی پروڈکٹس اور سروسز

پاکستان سمیت دنیا بھر میں انفارمیشن ٹیکنالوجی منظرنامہ تیزی سے مختلف تبدیلی اور جدت اختیار کرتا جا رہا ہے۔ جدت میں سرفہرست نیٹ سول نے بطور مطابق آئی ٹی فورس نے اپنے صارفین کے لئے کئی نئی پروڈکٹس اور سروسز متعارف کرائی ہیں تاکہ آئی ٹی انڈسٹری میں جدت کے لئے دوسری کمپنیوں کے ساتھ قدم ملا کر چل سکیں۔

- <u>**"APPEX-NOW"** مارکیٹ پلیس کا آغاز</u>

نیٹ سول API-first approach کی مدد سے تیار کردہ SaaS پر مبنی پروڈکٹس کے بنانے پر توجہ دے رہا ہے۔ کمپنی نے 'Appex Now' کے پلیٹ فارم سے پہلی پروڈکٹ 'Flex' متعارف کرائی ہے جو خصوصاً کریڈٹ، فنانس اور لیزنگ انڈسٹری کے لئے کمپنی کی جانب سے تیار کردہ پہلی مارکیٹ پلیس ہے۔

Flex نیٹ سول کا API پر مبنی out-of-the-box کیلکولیشن انجن ہے جسے بغیر کسی رکاوٹ کے کسی ادارے کی پروڈکٹ، سروسز اور ایکوسسٹم میں داخل کیا جا سکتا ہے۔ یہ پروڈکٹ Amazon Web Services (AWS) کی شراکت سے ان تمام علاقوں میں فروخت کی جائے گی جہاں نیٹ سول کام کر رہا ہے۔

- <u>**Hubex API** لائبریری</u>

AppexNow کے حصے کے طور پر نیٹ سول نے اس مارکیٹ پلیس کی دوسری پروڈکٹ Hubex متعارف کرائی ہے۔ Hubex ایک API لائبریری ہے جو کمپنیوں کو مختلف API سروسز میں اپنی تمام API integration پروسیجرز کو منظم بنانے میں مدد کرتی ہے۔ روایتی لینڈنگ کمپنیوں کے علاوہ، Hubex، بزنس، وینڈرز اور کنسلٹنٹس کو API لائبریری کے ذریعے اپنے آپریشنز کو وسیع کرنے میں مدد دے سکتا ہے۔ استعمال کے لئے تیار سروس کے ساتھ Hubex کمپنیوں کے لئے کئی APIs کے ساتھ باہمی مسلسل رابطہ جوڑنے میں مدد کر سکتا ہے جس سے وہ اپنے مطلوبہ نتائج حاصل کر سکتی ہیں۔ Hubex لائبریری میں پہلے سے موجود سروسز میں لینڈنگ کا عمل، بینک اکاؤنٹ کی توثیق، تھرڈ پارٹی انشورنس پروڈکٹس، فراڈ چیک، KYC سروس، ڈرائیونگ لائسنس کی تصدیق، پتے کی توثیق، گاڑیوں کی قیمت کا تعین اور نوٹیفکیشن سروس شامل ہیں لیکن یہ فہرست یہاں تک محدود نہیں۔

- <u>**AWC** (کلاؤڈ سروسز) کے ساتھ شراکت داری</u>

نیٹ سول نے ایمازون ویب سروسز (AWS) کی شراکت سے کلاؤڈ سروسز domain میں اپنے قدم مضبوطی سے جمائے ہیں۔ ایمازون ویب سروسز دنیا کا اولین، انتہائی جامع اور وسیع بنیادوں پر اپنایا گیا کلاؤڈ پلیٹ فارم ہے۔ ایمازون کی طاقت کو استعمال کرتے ہوئے، نیٹ سول انتہائی جدت اور محفوظ ماحول میں دنیا بھر کے صارفین کو کئی شعبوں میں لچکدار اور سکیل ایبل سلوشنز فراہم کرے گا۔

کمپنی اہم ٹیکنالوجیز میں مزید بہتری لائے گی جس میں artificial intelligence (AI) اور blockchain، machine learning اور Internet of Things (IoT) شامل ہیں۔

اس شراکت داری کی مدد سے کمپنی کلاؤڈ سروسز سے مستفید ہو گی جو کم لاگت، خدمات پر اعتماد میں اضافہ اور تمام شعبوں اور متعدد صنعتوں میں عالمی معیار کے state-of-the -art solutions کے لئے ضروری ہے۔ نیٹ سول کلاؤڈ سلوشنز اور سروسز کی مکمل رینج پیش کرتا ہے جس میں کلاؤڈ میں منتقلی، ایپلیکیشن اور ڈیٹا میں جدت، ڈیٹا انجینئرنگ اور ماڈرنائزیشن شامل ہیں۔ نیٹ سول نے سال بھر میں مندرجہ ذیل سنگ میل حاصل کئے:

- نیٹ سول نے ایمازون ویب سروسز (AWS) کے ساتھ اپنی شراکت داری کو مزید وسعت دی اور ایک API گیٹ وے ڈیلیوری پارٹنر بن گیا۔ کمپنی نے AWS کا کلاؤڈ مائیگریشن بیج بھی حاصل کیا۔

- AWS پرانفرا اسٹرکچر کے اطلاق اور انتظام میں مہارت کے لئے AWS کا ڈزائن سرٹیفیکیشن پروگرام
- AWS Well-Architecte پارٹنر پروگرام
- AWS Lambda سروس ڈیلیوری اعزاز

● **پیشہ ورانہ خدمات**

تیس دہائیوں پر محیط تجربے کے ساتھ، نیٹ سول ہو انڈسٹری سے منسلک کمپنیوں کو مکمل آؤٹ سورسنگ خدمات بھی پیش کرتی ہے جو مختلف کاروباروں کی آئی ٹی ضروریات کے لیے مخصوص ہے۔ جس میں ویب اینڈ ایپ ڈیولپمنٹ، آئی ٹی کنسلٹنسی، کلاؤڈ کمپیوٹنگ، ڈیٹا سائنس، co-sourcing، مشین لرننگ، artificial intelligence، روبوٹک پروسیس آٹومیشن وغیرہ شامل ہیں۔ یہ خدمات کسی ادارے کو اپنے آئی ٹی مقاصد، حکمت عملی تکنیکات اور بہترین سروس کوالٹی اور صارف تجربے کے حصول میں مدد کے لئے اپنے وسائل کے بھرپور استعمال میں مدد کرتی ہیں۔

ڈیجیٹل انٹیلیجنس سسٹم (DISYS) کے ساتھ نیٹ سول کا معاہدہ

مذکورہ سال کے دوران ہماری مرکزی کمپنی نے Digital Intelligence (DISYS) Systems, LLC کے ساتھ ایک شراکتی معاہدہ کیا ہے۔ یہ شراکت داری مالیاتی سسٹم پیش کرنے اور 5000 سے زائد ماہر انجینئرز کے ریسورس پول کے لئے DISYS کے وسیع علم اور تجربے میں اضافہ کرے گی جو امریکہ میں نیٹ سول کی بڑھتی ہوئی دستیابی اور صارفین کی تعداد میں اضافہ کرے گی۔ اس کی بدولت مذکورہ علاقے میں موجودہ اور نئے صارفین کے لئے بڑے enterprise-grade پروگراموں کو مشترکہ طور پر چلایا جا سکے گا۔ DISYS کا مرکزی دفتر Mclean, North Virginia میں ہے اور دنیا بھر میں اس کے 70 سے زائد دفاتر ہیں۔ یہ دنیا بھر سے چلائی جانے والی سروسز اور ٹیلنٹ فرم ہے جو ایپلیکیشن ڈیولپمنٹ، بزنس انٹیلیجنس سروسز، کلاؤڈ کا اطلاق، انٹرپرائز ریسورس پلاننگ، آٹومیٹڈ ٹیسٹنگ سلوشنز، پراسس آٹومیشن اور اسٹافنگ سلوشنز مہیا کرتی ہے۔

سپورٹ اور ڈیلیوری سنٹرز

نیٹ سول نے پچھلے دور میں سپورٹ اور ڈیلیوری سنٹر قائم کیا ہے اور دبئی میں بھی اس نے اپنی ایک ذیلی کمپنی قائم کی ہے تاکہ ماہرین اور اعلیٰ تربیت یافتہ ریسورس کی ترسیع کے ذریعے کاروباری کی تعداد میں اضافہ کیا جا سکے۔ نیٹ سول اپنے صارفین کے لئے جواب طلب رہنے اور اپنے صارفین کے تجربے کو وسعت دینے کے لئے پرعزم ہے۔

مالیاتی کارکردگی (Financial Performance)

جداگانہ مالیاتی گوشوارے	30 جون 2023ء روپے	30 جون 2022ء روپے	فیصد میں تبدیلی
	مالیاتی گوشوارے		
صارفین سے محصولات	7,670,180,893	6,116,638,090	25.40%
خام منافع	2,262,163,885	2,104,988,112	7%
خالص منافع	1,285,234,155	913,220,304	40%
منافع فی حصص - بنیادی (پاکستانی روپے)	14.63	10.19	
منافع فی حصص - تحلیل شدہ (پاکستانی روپے)	14.59	10.18	
EBITDA فی حصص - تحلیل شدہ (روپے)	23.36	15.78	

مالی سال 23-2022 کے دوران، کمپنی کی ٹاپ لائن میں پچھلے مالی سال میں درج کی گئی محصولات کے مقابلے میں 25.40 فیصد اضافہ ہے۔ کمپنی نے گذشتہ سال کے اسی مدت کے دوران 6,117 ملین روپے کے مقابلے 7,670 ملین روپے پورے سال کی خالص محصولات درج کی ہیں۔ مقامی کسٹمر سے حاصل ہونے والی لائسنس کی محصولات اور آسٹریلیا میں ایک کلائنٹ کی سائٹ پر NFS Ascent کے لائسنس کی فروخت سے 416 ملین روپے کی محصولات ریکارڈ کی گئی۔ خدمات محصولات کی مد میں، کمپنی نے اپنی متعلقہ سائٹس پر systems deployed میں اضافہ اور تخصیص کے لیے گذشتہ مالی سال میں 2,029 ملین روپے کے مقابلے میں 3,405 ملین روپے کی شاندار محصولات درج کی۔ اس کے علاوہ سبسکرپشن اور سپورٹ محصولات گذشتہ مالی سال کے 3,182 ملین روپے کے مقابلے 3,849 ملین روپے تک درج کی۔ سبسکرپشن اور سپورٹ محصولات میں اضافہ بنیادی طور پر مختلف صارفین کے ساتھ ان کی کامیاب نفاذ کے بعد ہماری کے مرحلے میں جانے سے وابستہ ہیں۔

عالمی سطح پر آئی ٹی ریسورسز کی بڑھتی ہوئی مانگ کی وجہ سے آئی ٹی انڈسٹری کو معیاری آئی ٹی ریسورسز کی کمی کا سامنا ہے۔ گھر سے کام کرنے کا آپشن ریسورسز کے لیے نئے مواقع کھول رہا ہے تاکہ بین الاقوامی منڈیوں میں اپنی مہارت کے لیے بہتر معاوضے حاصل کیے جا سکیں اور یہ آئی ٹی ریسورسز کی خدمات حاصل کرنے اور اسے برقرار رکھنے کی لاگت پر دباؤ کا سبب بن رہا ہے۔ محصولات کی لاگت بنیادی طور پر تنخواہوں اور فوائد کی لاگت میں اضافے کی وجہ سے بڑھی ہے۔ اس کے علاوہ سفری لاگت میں بھی اس مدت کے دوران اضافہ ہوا ہے جو ہمارے صارفین کو سائٹ پر خدمات فراہم کرنے اور اس پر عمل درآمد کرنے کے لیے ہمارے ریسورسز سفر کرتا ہوتا ہے۔ اس سال کے دوران مجموعی مارجن 2,262 ملین روپے تک درج کیا گیا ہے جبکہ گذشتہ سال میں یہ مارجن 2,105 ملین روپے درج کیا گیا تھا۔

کمپنی نے گذشتہ سال 913 ملین روپے کے مقابلے میں 1,285 ملین روپے کا بعد از ٹیکس منافع درج کیا ہے۔ خالص منافع میں شامل 1,696 ملین روپے، پاکستانی روپے کی قدر میں کمی کی وجہ سے کرنسی تبادلے کے منافع سے منسلک ہے جس کا موازنہ 790 ملین روپے گذشتہ سال کے اسی عرصے سے کیا گیا ہے۔ کمپنی نے گذشتہ سال کے بالترتیب 10.19 اور 10.18 روپے بنیادی اور تحلیل شدہ فی حصص منافع کے مقابلے میں بالترتیب 14.63 اور 14.59 روپے فی حصص منافع درج کیا۔ ان ٹریژری اسٹاک کے ساتھ ساتھ اسٹاک آپشنز کے اثر کو مدنظر رکھتے ہوئے فی حصص منافع کا حساب لگایا گیا ہے۔ کمپنی نے گذشتہ عرصے کے 15.78 روپے تحلیل شدہ فی حصص کے مقابلے میں 23.36 روپے فی حصص کا خالص EBITDA منافع درج کیا ہے۔

کمپنی نے اپنے مکمل ملکیتی ذیلی ادارہ "نیٹ سول انوویشن (پرائیویٹ لمیٹڈ)" اور اس کے نئے شامل کردہ دبئی رجسٹرڈ مکمل ملکیتی ذیلی ادارہ "نیٹ سول انویسٹمنٹ ڈیل ایسٹ انویسٹمنٹ ٹریڈنگ ایل ایل سی" کے مجموعی مالیاتی گوشوارے شامل کر دیئے ہیں۔ نیٹ سول انوویشن بنیادی طور پر پیشہ ورانہ خدمات بشمول ایمیزون ویب سروسز کی فراہمی بھی شامل ہے۔ یہ لوکل AWS خدمات فراہم کرنے کے لیے ایک کم عمر ادارے کے عمل میں ہے اور بہت معمولی محصولات کو درج کیا گیا ہے جس کے نتیجے میں سالانہ خسارہ درج ہوا ہے۔ اسی طرح، نیٹ سول انویسٹمنٹ ڈیل ایسٹ کو ٹریڈنگ ایل ایل سی کو بھی کسی بغیر کسی محصولات کے شامل کیا گیا ہے۔

30 جون 2023ء کے ختم ہونے والے سال کیلئے خالص مجموعی محصولات اسی سال 2022ء کے 6,185 ملین روپے کے مقابلے میں 7,768 ملین روپے ہے۔ مجموعی خام منافع گذشتہ سال کے 2,081 ملین روپے کے مقابلے موجودہ سال میں 2,150 ملین روپے ہے۔ مجموعی بنیاد پر، کمپنی نے گذشتہ سال کی اسی مدت میں 872 ملین روپے خالص مجموعی منافع کے مقابلے میں موجودہ سال میں 1,038 ملین روپے کا خالص مجموعی منافع درج کیا ہے۔ 30 جون 2023 کو ختم ہونے والے سال کے لیے فی بنیادی اور تحلیل شدہ آمدنی گذشتہ سال میں بالترتیب 9.73 اور 9.72 روپے فی حصص منافع کے مقابلے اس سال میں بالترتیب 11.82 اور

11.79 روپے فی حصص منافع درج کیا ہے۔

منافع منقسمہ (Dividend)

کمپنی تبدیلی کے مرحلے میں ہے اور اس کی توجہ نئی مارکیٹوں اور verticals میں سرمایہ کاری کرنے اضافی اور زیادہ predictive مصنوعات حاصل کرنے پر مرکوز ہے۔ ان دونوں ایریا میں بھاری سرمایہ کاری کرنے کی ضرورت درکار ہوتی ہے۔ بورڈ نے کسی بھی استحقاق (entitlement) کے اعلان کا احتیاط کے ساتھ جائزہ لیا ہے اور ان کے رائے ہے کہ اس مرحلے پر کسی بھی استحقاق (entitlement) کا اعلان کمپنی کے مستقبل کی اسٹریٹجک منصوبوں پر منفی اثر ڈالے گا، اس لیے اپنے حصص داران کو کسی بھی entitlement کا اعلان نہ کرنے کا فیصلہ کیا ہے۔ تاہم، بورڈ کمپنی اور اس کے قابل قدر حصص داران کے طویل مدتی مستقبل کے بارے میں بہت پُر امید ہے۔

مستقبل کا نقطہ نظر (Future Outlook)

دنیا بھر میں جاری آپریشنز کے ساتھ پاکستان میں ایک آئی ٹی پاور ہاؤس کی حیثیت سے اس کا مستقبل روشن ہے۔ قابل عملے، جدت کے لئے عزم، متنوع پروڈکٹ اور سروس کی پیشکش اور بڑھتی ہوئی عالمی ساکھ کی مدد سے نیٹ سول صف اول کی حل فراہم کرنے والی کمپنی کی حیثیت کو برقرار رکھے گی جس کا ابتدائی ہدف مالیاتی سروسز انڈسٹری ہے۔ اس کا بنیادی مقصد پائیدار نمو حاصل کرنا، جدت کو تقویت دینا اور دنیا بھر میں کاروبار کے نئے مواقع تلاش کرنا ہے۔

پروڈکٹس

کمپنی کا next-generation کا پرچم بردار پلیٹ فارم NFS Ascent نیٹ سول کے تمام عالمی آپریشنل علاقوں میں کامیابی سے شامل کیا جا چکا ہے۔ نیٹ سول شمالی امریکہ، یورپ اور ایشیا پیسفک میں اپنے ٹائیر 1 اور ٹائیر 2 کلائنٹس کے لئے اپنے بنیادی سلوشن کی تنصیب جاری رکھے گی۔ ہم کلاؤڈ پر بھی Ascent NFS پیش کریں گے تاکہ چھوٹے مالیاتی ادارے اسی معیاری پروڈکٹ تک رسائی حاصل کر سکیں جنہیں بلیو چپ اور Fortune 500 کمپنیاں دنیا بھر میں استعمال کر رہی ہیں۔ اب فرنٹ لائسنس کی سفارشیں اور سوالات سے کر جانے پر مبنی ہوسٹنگ ماڈلز سے مستفید ہو کر swift deployment process اور طلب بڑھنے پر بغیر کسی محنت کے سکیل کرنے کی صلاحیت سے فائدہ اٹھا سکیں گے۔ ایسے صارفین جو نیٹ سول یا اس کے حریفوں کے قدیم نظام استعمال کر رہے ہیں کے لئے ہدف یہ ہے کہ وہ اس کے ذریعے NFS Ascent کے ذریعے عالمی معیار کی ٹیکنالوجی میں تبدیل کر کے اپنے مستقبل کے لئے آپریشنز کو محفوظ کر سکیں۔

نیٹ سول اپنے ڈیجیٹل ٹرانسفارمیشن سلوشنز NFS Digital کی بھی تنصیب جاری رکھے گی۔ یہ پروڈکٹس NFS Ascent کے ساتھ یا علاوہ استعمال کی جا سکتی ہیں تاکہ کلائنٹ کے ایکو سسٹم کو مؤثر انداز میں مربوط کیا جا سکے اور بڑھایا جا سکے۔ کمپنی گلوبل ایسٹ فنانس اور لیزنگ انڈسٹری میں اولین ادارہ ہونے پر فخر محسوس کرتی ہے جو ڈیجیٹل ٹرانسفارمیشن سلوشنز کا مکمل suite فراہم کرتی ہے۔

کمپنی کی حالیہ پروڈکٹ AppexNow، جو خصوصاً مالیاتی سروسز انڈسٹری کے لئے API پروڈکٹس پر مبنی پہلی مارکیٹ پلیس ہے، شمالی امریکہ اور یورپ میں پہلے ہی صارفین کے زیر استعمال ہے۔ نیٹ سول عالمی سطح پر ان SaaS-based، آؤٹ آف دی باکس آفرنگز فراہم کرنے پر توجہ جاری رکھے گی۔ Flex, Hubex, Dock, Index, Lane, Tax Engine, Accounting, Customer Care Portal, RMS, Payoff وغیرہ جیسے AppexNow پروڈکٹس مکمل کریڈٹ لائف سائیکل پر محیط ہے جو آزادانہ یا دیگر پروڈکٹس کے ساتھ مل کر کام کر سکتی ہیں۔

سروسز

نیٹ سول پروڈکٹ اور سروس پر مبنی اداروں میں جدت کا سفر جاری رکھے گی۔ کمپنی کی پیشہ ورانہ خدمات اور کلاؤڈ سروسز، جس نے آمدنی پیدا کرنا شروع کر دی ہے، دنیا بھر میں دستیاب ہیں اور کمپنی توقع رکھتی ہے کہ اس تناظر میں ترقی کا سفر جاری رہے گا۔ نیٹ سول artificial intelligence کے شعبے میں بھی اپنی خدمات فراہم کرتی رہے گی۔

مسلسل جدت

جدت میں بطور مرکزی طاقت اور ڈیجیٹل جست والا، نیٹ سول اپنے تحقیقی و ترقیاتی اقدامات میں نمایاں سرمایہ کاری کر رہی ہے۔ دنیا بھر میں کمپنی کے بنیادی فوکس سیکٹرز ابھرتی ہوئی ٹیکنالوجی اور تغیر پذیر بزنس ماڈلز سے پیدا صورت حال کا سامنا کرنے کے لئے کلائنٹس کے آپریشنز کو مستقبل میں محفوظ بنانے کو یقینی بنا رہے ہیں۔ نیٹ سول کا جدت کے لئے عزم اس کی جدید لیب سے عیاں ہے جہاں ٹیکنالوجی کو بروئے کار لانے کی جانب کوششیں جاری ہیں جو مالیاتی سروسز انڈسٹری میں نمایاں مقام حاصل کر رہی ہیں۔ ان کوششوں میں artificial intelligence/machine learning, data analytics, blockchain اور بہت کچھ شامل ہیں۔

انڈسٹری کی معروف تقریبات میں مسلسل شمولیت

کمپنی کے لئے یہ ضروری ہے کہ وہ دنیا بھر میں منعقد ہونے والی انڈسٹری کی سالانہ کانفرنسوں، کنونشن، سمٹ اور دیگر تقریبات میں اپنی موجودگی کو یقینی بنائے۔ نیٹ سول اپنی لیڈ جنریشن سرگرمیوں کے حصے کے طور پر ان تقریبات میں نمائش، سپانسر اور عمومی شرکت کو جاری رکھے گی۔

ایوارڈز اور پذیرائی

نیٹ سول کو مانیٹر ڈیلی نے شمالی امریکہ میں "Most Innovative Companies in the Equipment Finance Ecosystem" میں مسلسل تیسری مرتبہ (Sustaining Category) میں رکھا گیا ہے۔ یہی پہچان نیٹ سول نے 2022، 2021 اور 2023 میں حاصل کی تھی۔

کمپنی کو پاکستان سافٹ ویئر ایکسپورٹ بورڈ (PSEB) کی جانب سے آئی ٹی سیمینار "Untapping IT Potential of Pakistan" میں "Top IT Exporter Award" سے نوازا جانے پر بھی فخر ہے۔ یہ باوقار ایوارڈ وزیراعظم سے اسلام آباد میں منعقدہ ایک تقریب میں وصول کیا گیا۔

کمپنی کو درپیش بنیادی خدشات اور بے یقینی کی صورت حال

مستقبل میں کمپنی کی کارکردگی پر اثر انداز ہونے والے چند خطرات عوامل حسب ذیل ہیں۔

ممکنہ خدشات

الف۔ حکمت عملی کے خدشات (Strategic Risk)

اپنی حکمت عملی کے خدشات کو کنٹرول کرنے کے لیے نیٹ سول باقاعدگی سے متحرک اور ترقی پذیر عالمی فنانس اور لیزنگ انڈسٹری کے ابھرتے رجحانات کی نشاندہی کرتا ہے اور ان پر نظر رکھتا ہے۔ اہم ٹیکنالوجیز پر کام کر کے جنہوں نے انڈسٹری میں قبولیت حاصل کیا ہے۔ نیٹ سول اس بات کو یقینی بناتا ہے کہ اس کے کلائنٹ مارکیٹ میں ایک قدم آگے رہیں اور سب سے اہم بات یہ ہے کہ ان کا مستقبل کا کاروبار محفوظ ہو۔

ب۔ آپریشنل خدشات (Operational Risk)

اپنے کاروباری تسلسل کے منصوبے پر عمل درآمد کرتے ہوئے جب پچھلے سال وبا شروع ہوئی تھی، نیٹ سول کامیابی کے ساتھ آپریشنل خدشات کو کنٹرول کرنے کی پابند تھی کیونکہ COVID-19 کی وجہ سے کمپنی کے کاموں میں کوئی رکاوٹ نہیں تھی۔ جدید ترین دور دراز (remote) کام کرنے کی صلاحیتوں کے ساتھ میٹنگ ماڈلز کے پھیلنے کے بعد سے، نیٹ سول کی عالمی ٹیم نے دنیا بھر میں اپنے کئی کسٹمرز کو بغیر کسی رکاوٹ کے اپنی خدمات کو یقینی بنایا ہے۔ عالمی ٹیم ہنر مند اچھی طرح سے لیس اور کمپنی کی تربیت یافتہ ہے۔

پ۔ سائبر سیکیورٹی کا خطرہ (Cyber Security Threats)

بے ہنگم نوعیت کے حالات اور تیزی سے تبدیل ہوتے سائبر جرائم اور حملوں کے شدید اثرات کے باعث کمپنی کو اپنے ICT انفراسٹرکچر کی حفاظت کے لئے ایک مربوط سیکیورٹی میکنزم قائم کرنا چاہیے۔ نیٹ سول نے عالمی معیار کے مطابق سیکیورٹی میکنزم قائم کیا ہے اور اس کی بدولت ایسے اقدامات کئے ہیں کہ ادارے، اس کے کلائنٹس اور ملازمین کے ڈیٹا کی رازداری اور پرائیویسی برقرار ہے۔ کمپنی نے مداخلت کے تدارک کا نظام، حالت سکون اور حرکت میں رازداری، معلومات کے حصول کے لئے ڈیٹا تک رسائی اور سرورز اور کلائنٹس کے لئے محفوظ استعمال پروٹوکول جیسے کئی مربوط کنٹرول اپنائے گئے ہیں۔

نیٹ سول نے کامیابی کے ساتھ A-LIGN کے ذریعے کئے گئے عالمی آڈٹ کے ساتھ SOC2 قسم 1 اور 2 کی تعمیل کو حاصل کیا، جو کہ سائبر سیکیورٹی کے خطرات کو کم کرنے میں مدد کرنے کے لئے 2500 سے زیادہ عالمی تنظیموں کے ذریعہ قابل اعتماد ٹیکنالوجی سے چلنے والا سیکیورٹی اور تعمیل پلیٹ فارم ہے۔ اس سے پہلے، نیٹ سول پہلے ہی SOC 2 قسم 1 کی تعمیل حاصل کر چکا تھا۔ مزید SOC 2 قسم 2 کی تعمیل کو حاصل کر کے، کمپنی اپنے کلائنٹس اور ان کے صارفین کے ڈیٹا کی حفاظت کے لیے اپنی لگن کا مظاہرہ کرتی رہتی ہے۔ یہ کامیابی اس بات کی تصدیق کرتی ہے کہ سسٹم کے تمام تقاضوں کو امریکن انسٹی ٹیوٹ آف سرٹیفائیڈ پبلک اکاؤنٹنٹس (AICPA) کے بیان کردہ حفاظتی معیارات کے مطابق پورا کیا گیا ہے۔ نیٹ سول کی مصنوعات اور سافٹ ویئر سرورز کے suite کی جانچ کیلاباسس (Calabasas) کیلیفورنیا میں کی گئی تھی اس کے علاوہ یہ سہولت لندن، انگلینڈ، بیجنگ، چین، آسٹریلیا اور پاکستان میں بھی ہے۔

ب۔ زرمبادلہ کے خطرات (Foreign Exchange Risk)

زرمبادلہ کے خطرات بنیادی طور پر وہاں بڑھ جاتے ہیں جہاں ادائیگی کی وصولی کی ٹرانزیکشنز (Transactions) غیر ملکی کرنسیوں میں ہوں۔ کمپنی کو غیر ملکی کرنسی میں ممکنہ خطرات اس وقت لاحق ہوتے ہیں کہ جب تجارتی قرض (Trade Debts)، ادائیگی اور وصولیاں پاکستانی کرنسی (روپے) کے علاوہ کسی اور کرنسی میں ہوں۔ کمپنی کی کثیر مصنوعات پاکستانی روپے کے علاوہ دیگر کرنسیوں میں ہے۔ کمپنی سرمایہ کاری مقاصد کے لیے نقد اور نقد کے مساوی سرمایہ غیر ملکی کرنسیوں میں بھی رکھتی ہے۔

ت۔ لیکویڈیٹی کا خطرہ (Liquidity Risk)

لیکویڈیٹی کے خطرات اپنے معاشی ارادوں کی تکمیل کے لئے فنڈز اکٹھا کرنے کی ناکامی کو ظاہر کرتا ہے۔ کمپنی میں لیکویڈیٹی کے خطرات بنیادی طور پر مالی اثاثوں اور ذمہ داریوں میں بے ضابطگیوں کی وجہ سے پیدا ہوتے ہیں۔ لہٰذا اہم ورکنگ کیپٹل مینجمنٹ اور منصوبہ ساز پالیسی کی پیروی کرتے ہیں تاکہ فنڈز کی دستیابی کو یقینی بنائیں اور کسی بھی نئی ضرورت کے لیے مناسب اقدام کریں۔

ث۔ کریڈٹ کا خطرہ (Credit Risk)

کریڈٹ کا خطرہ اس متوقع خسارے کی نشاندہی کرتا ہے جو کہ رپورٹنگ کی تاریخ میں درج ہو گا اگر متعلقہ پارٹیز مکمل طور پر معاہدے کی انجام دہی میں ناکام رہتی ہیں۔ کریڈٹ کے خطرہ کو کم کرنے کے لیے کمپنی نے باضابطہ منظوری سے لائحہ عمل بنایا گیا ہے جس سے کریڈٹ کی حد کمپنی کے کسٹمرز پر لاگو ہوتی ہے۔ کمپنی کی انتظامیہ اپنے کسٹمرز کے کریڈٹ کی مسلسل نگرانی بھی کرتی ہے اور ضروری ہو تو کسٹمرز کو ان کے بیلنس کے برخلاف ادائیگی کی سہولت بھی فراہم کرتی ہے۔

ج۔ شرح سود کا خطرہ (Interest Rate Risk)

شرح سود کا خطرہ وہ خطرہ ہے کہ ہر financial instrument میں مستقبل کے نقد بہاؤ کی مناسب قدر کی اتار چڑھاؤ مارکیٹ کی شرح سود میں تبدیلی کی وجہ سے پیدا ہوتے ہیں۔ بینکوں اور سرمایہ کاری میں ڈپازٹس اور قرضہ ڈپازٹ منافع اور نقصان، بچت کے اکاؤنٹس میں بینکوں کے مختصر اور طویل مدتی قرضوں کی کثرت کی وجہ سے شرح سود میں اضافہ ہوتا ہے۔

کمپنی کی آمدنی، ترقی، کارکردگی اور حالت پر ممکنہ طور پر اثر انداز ہونے والے بنیادی رجحانات اور عوامل

نیٹ سول کی آمدنی، ترقی، کارکردگی اور حالت اس کی تکنیکی جدت کی صلاحیت میں مسلسل اضافے، بدلتے ہوئے کاروباری رجحانات کو اپنانے، ریگولیٹری پیچیدگیوں کو دور کرنے اور اپنے متنوع کلائنٹس کی ضروریات اور توقعات پر پورا اترنے جیسے عوامل سے متاثر ہوتی ہے۔ جیسے جیسے ہم آگے کی سوچ رکھنے والے رجحانات اور عوامل پر بروقت کارروائی کرتے ہیں، متحرک اور تیزی سے بدلتے ہوئے منظر نامے میں پائیدار کامیابی حاصل کرنے کے لئے انتہائی اہم کردار ادا کرے گا۔

کمپنی دو اہم اصولوں یعنی جدت اور اپنانے کے لئے پرعزم رہے گی۔ ان اصولوں کی پیروی کے لئے نیٹ سول پروڈکٹ خصوصاً اس کے معیاری جدید ٹیکنالوجی کے پلیٹ فارم NFS Ascent میں بہتری کو اولین ترجیح دیتی رہے گی۔ اس جاری عزم کا مقصد کمپنی کے عالمی متنوع کلائنٹس بشمول بلیو چپ اداروں اور Fortune 500 کمپنیوں کو محفوظ مستقبل پر مبنی کاروباری سلوشنز اور منفرد مسابقتی فائدہ پہنچا کر فروغ دینا ہے۔

تیزی سے بڑھتی ہوئی تکنیکی جدت نے مالیاتی سروسز انڈسٹری میں انقلاب برپا کر دیا ہے۔ کمپنیوں کو cloud machine learning artificial intelligence (AI) computing blockchain اور the Internet of Things (IoT) جیسی ابھرتی ہوئی ٹیکنالوجیز میں اولین مقام پر رہنے کی ضرورت ہے۔ ان شعبوں میں جدت نہ صرف آمدنی کے مواقع پیدا کرے گی بلکہ کلائنٹس کو عالمی معیار کے فیوچر پروف سلوشنز فراہم کر کے مسابقت میں اضافہ کرے گی۔

نیٹ سول کی جدید لیب اور مربوط تحقیق و ترقیاتی ٹیمیں کمپنی کو ریڈیز کے لئے ترجیحی گلوبل وینڈر کی حیثیت سے کمپنی کے مقام کو مستحکم کرنے کے لئے کوشاں ہیں۔ یہ ٹیمیں ان تھک محنت کرتی ہیں تاکہ یقینی بنایا جا سکے کہ نیٹ سول کی عالمی ساکھ کو محفوظ بنا کر کلائنٹس آمدہ چیلنجز کے مقابلے میں اپنے آپریشنز کو مضبوط کر سکیں۔ صارف کی ضروریات کو پورا کرنا اور اس گلوبل مالیاتی و لیزنگ شعبے میں نمایاں مقام حاصل کرنے والی ابھرتی ہوئی ٹیکنالوجیز جیسی big data، machine learning، artificial intelligence اور IoT کے مساوی اہم کردار کا ہے۔

بڑھتے ہوئے ماحولیاتی مسائل نے آئی ٹی انڈسٹری میں پائیداری کی اہمیت کو بڑھا دیا ہے۔ کمپنیاں وسیع پائیداری اہداف پر مبنی گرین کمپیوٹنگ طریقوں کے عمل کو اپنا کر توانائی کی کھپت کو کم کر کے اور ماحول دوست حل تیار کر کے اپنے کاربن فٹ پرنٹس کو کم کرنے کے لئے وعدہ کا شکار ہیں۔ نیٹ سول ان تمام توقعات پر حق سے عمل پیرا ہے۔

معاشی سست روی، منڈی میں عدم استحکام اور کرنسی میں اتار چڑھاؤ جیسے عالمی مالیاتی رجحانات آئی ٹی کے اخراجات اور سرمایہ کاری پر اثرات مرتب کر سکتے ہیں۔ لہٰذا مالیاتی لحاظ سے لچک دکھا کر ہی ان معاشی مسائل کا سامنا کیا جا سکتا ہے۔

کمپنی کے کاروبار کا ماحولیات پر اثر

(Impact of Company Business on Environment)

عالمی سطح پر ماحولیاتی تبدیلیوں سے پیدا صورت حال کی روشنی میں دنیا بھر کے حساس کاروباری ادارے ماحولیاتی انتظام کی طرف بھرپور توجہ دے رہے ہیں۔ پیداواری یونٹ کے مقابلے میں بطور سافٹ ویئر ڈیولپمنٹ ادارہ نیٹ سول کے آپریشنز ظاہراً ماحولیات پر برے اثرات مرتب نہیں کرتا۔ تاہم، کمپنی عالمی سطح پر کاروباری آپریشنز سے منسلک ہے لہٰذا یہ موافق طریق عمل کو اپنا کر ماحولیاتی تحفظ کے لئے مساوی ذمہ دار ہے۔ عالمی سطح پر ماحولیاتی تبدیلیوں کے مدنظر کمپنی بطور عالمی ادارہ اس مسئلے سے نبرد آزما ہونے کے لئے اپنی ذمہ داری اور عزم کو تسلیم کرتی ہے۔ نیٹ سول، فطری لحاظ سے بھرپور سرحد کے، اس نتیجے سے بچنے کے لئے اپنے تمام تر دستیاب وسائل استعمال کرنے کے لئے پرعزم ہے۔ اس مقصد کے حصول کے لئے، کمپنی نے میٹریل کے ضیاع کو کم سے کم کر دیا ہے اور اپنے تمام طریق عمل میں توانائی کی کھپت کو بہتر بنا رہی ہے۔

ہیڈ لیس ادارے میں ڈیجیٹائزیشن اور نیٹ سول کی فلیگ شپ پراڈکٹس NFS Ascent اور اس کے ڈیجیٹل ٹرانسفارمیشن سلوشنز NFS Digital مرکزی مقام رکھتے ہیں اور اس کی دیگر پروڈکٹس اور سرورز کلائنٹس کے کاغذ پر انحصار کو ختم کرنے میں مدد دیتی ہیں۔ ڈیجیٹائزیشن کے ذریعے ہیڈ لیس ایکو سسٹم کو تقویت دی جاتی ہے جس سے موافق ماحولیاتی اثرات مرتب ہوتے ہیں۔ دنیا بھر کے دفاتر میں نیٹ سول کا اپنے آپریشنز میں

کاغذ پر انحصار نے نمایاں کمی پیدا کی ہے۔ اس وقت کمپنی کاغذ کا کم سے کم استعمال کرتی ہے اور اس کے استعمال میں مزید کمی کے لئے کوشاں ہے۔

مزید برآں، نیٹ سول کے ہیڈ آفس نے سالانہ شجرکاری مہم کا آغاز کیا ہے جس میں تمام ملازمین اور پلانٹ مینجمنٹ حصہ لیتی ہے۔ ان کی اہمیت کو تسلیم کرتے ہوئے، شجرکاری کے یہ اقدامات ماحولیاتی تبدیلیوں کا مقابلہ کرنے، بہتر ماحول کو تقویت دینے اور سموگ جیسے مسائل کو ختم کرنے میں دور رس نتائج مرتب کریں گے۔ آکسیجن کی سطح کو بڑھا کر اور نظام تنفس میں بہتری لا کر یہ کاوشیں شہریوں کی مجموعی صحت پر مثبت اثرات مرتب کریں گی۔ نیٹ سول ماحول کے لئے حساس عمل کرنے کو فروغ دینے پر بھرپور [illegible] ہے جو نہ صرف موجودہ دور کے لئے مفید ثابت ہوگا بلکہ آنے والی نسلیں بھی اس سے مستفید ہوں گی۔

کمپنی یا اس کی ذیلی کمپنیوں کی کاروباری نوعیت کی بابت مالیاتی سال کے دوران تبدیلیاں اور مشترکہ آپریشنز

سال کے دوران کمپنی نے دبئی میں "نیٹ سول ایمرجنگ ٹیکنالوجی ٹریڈنگ ایل ایل سی" کے نام اور طرز کے تحت کلی ملکیتی ذیلی کمپنی قائم کی ہے۔ ذیلی کمپنی کمپیوٹر، سافٹ ویئر اور ٹیکنالوجی آلات کے ساتھ ویلیو کی ترقی اور فروخت کے کاروبار میں مصروف ہوگی۔

رسک مینجمنٹ

رسک مینجمنٹ کمیٹی بشمول انڈیپنڈنٹ ڈائریکٹرز تین اراکین پر مشتمل ہے۔ یہ کمیٹی کمپنی میں خطرات پر نظر رکھنے اور ان پر قابو پانے کے لئے تشکیل دی گئی ہے۔ کمپنی کا رسک مینجمنٹ فریم ورک مؤثر طور پر رسک مینجمنٹ طریقہ کار فراہم کرتا ہے جو بڑی رسک کیٹیگریز بشمول اسٹریٹجک، آپریشنل، کمپلائنس اور مالیاتی رپورٹنگ رسک سے دوچار ہوتا ہے۔ دریافت اور متحرک موافق کنٹرولز مرتب کئے گئے ہیں۔

داخلی مالیاتی کنٹرولز کی مناسبت

مالیاتی رپورٹنگ پر مستقل داخلی کنٹرول کا قیام اور برقرار رکھنا بورڈ کی حتمی ذمہ داری ہے۔ ادارہ ایک خود مختار انٹرنل آڈٹ ڈیپارٹمنٹ موجود ہے جو کام کے لحاظ سے بورڈ آڈٹ کمیٹی اور انتظامی امور کے لحاظ سے CEO کو جواب دہ ہے۔ بورڈ آڈٹ کمیٹی آپریشنز کی جگہوں پر سالانہ جائزے کو مدنظر رکھتے ہوئے سالانہ کی بنیاد پر آڈٹ پلان کی منظوری دیتی ہے۔

ہمارے انٹرنل کنٹرولز بین الاقوامی مالیاتی رپورٹنگ معیارات کے مطابق ہماری مالیاتی رپورٹنگ پر اعتماد اور بیرونی مالیاتی اسٹیٹمنٹس کی تیاری کی بابت معقول یقین دہانی فراہم کرنے کے لئے ترتیب دیے گئے ہیں۔ کسی بھی داخلی کنٹرول سسٹم میں موجود حدود کے باعث انتظامیہ تسلیم کرتی ہے کہ مالیاتی رپورٹنگ کی بابت پیش رفت میں رکاوٹیں پیدا ہو سکتی ہیں لہذا انتظامیہ اقرار کرتی ہے کہ کسی بھی داخلی کنٹرول سسٹم سے معقول ضمانت حاصل کی جا سکتی ہے۔ البتہ کمپنی نے مثالی ڈھانچے، اختیارات میں حدود، جواب دہی اور نظر ثانی کے عمل کے لئے باقاعدہ پالیسیاں اور طریقہ ہائے کار پر مشتمل انٹرنل کنٹرول فریم ورک قائم کر رکھا ہے۔

داخلی آڈٹ کنٹرول میں نقائص کو درست کرنے کے لئے انٹرنل آڈٹ انتظامیہ کو سفارشات پیش کرتا ہے۔ سہ ماہی بنیادوں پر بورڈ آڈٹ کمیٹی، چیف ایگزیکٹو آفیسر اور متعلقہ شعبے کی انتظامیہ کے ساتھ مشاہدات پر جامع تبادلہ خیال ہوتا ہے۔ انٹرنل آڈٹ فنکشن کے فرائض، حالات و واقعات اور کمپنی پر اثر انداز ہونے والے خدشات (اصولوں) کے باعث بتدریج تبدیل ہوتے رہتے ہیں جب کہ یہ یقینی بنایا جاتا ہے کہ اس کا مینڈیٹ ادارہ جاتی مقاصد کے عین مطابق ہو۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019ء کے تحت تعمیلی بیان رپورٹ ہذا کے ساتھ منسلک ہے۔

ڈائریکٹرز کا معاوضہ

اجلاس میں شرکت کی فیس کے علاوہ کمپنی نان ایگزیکٹو ڈائریکٹرز بشمول انڈیپنڈنٹ ڈائریکٹرز کو معاوضہ ادا نہیں کرتی۔ بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کے لئے صرف سفری اور رہائشی اخراجات کمپنی ادا کرے گی۔ ایگزیکٹو ڈائریکٹرز کے معاوضہ کی مجموعی رقم، بمعہ تنخواہ اور مراعات اور کارکردگی پر مبنی فوائد کو منسلک مالیاتی اسٹیٹمنٹس میں ظاہر کیا گیا ہے۔

بورڈ کی ترکیب

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019ء کے معیارات کی تعمیل میں بورڈ آف ڈائریکٹرز کی ترکیب حسب ذیل بیان کی گئی ہے:

ڈائریکٹرز کی کل تعداد (07) ہے جس کی تقسیم حسب ذیل ہے:

جنس	تعداد
مرد	06
خاتون	01

بورڈ کی ترکیب حسب ذیل ہے:

کیٹگری	تعداد
انڈیپنڈنٹ ڈائریکٹرز	03
نان ایگزیکٹو ڈائریکٹرز	02
ایگزیکٹو ڈائریکٹرز	02

نام ڈائریکٹرز

30 جون 2023 تک کمپنی کے بورڈ اراکین کی فہرست مندرجہ ذیل ہے:

- جناب نعیم اللہ غوری
- جناب سلیم اللہ غوری
- جناب وسیم انور
- جناب انوار حسین
- محترمہ عنبر غوری
- جناب ذیشان افضل
- جناب عمر غوری

30 جون 2023 کو اختتام پذیر سال کے دوران بورڈ کے چھ (06) اجلاس منعقد ہوئے۔

بورڈ نے ذیلی کمیٹیاں بھی تشکیل دی ہیں جنہوں نے مطلوب مقاصد حاصل کرنے میں نمایاں کردار ادا کیا ہے۔ یہ کمیٹیاں حسب ذیل ہیں:

آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کی تعمیل میں بورڈ آف ڈائریکٹرز نے مندرجہ ذیل تین (03) اراکین پر مشتمل ایک آڈٹ کمیٹی تشکیل دی ہے۔

نام ڈائریکٹر	عہدہ
جناب انوار حسین	چیئرمین - انڈیپنڈنٹ ڈائریکٹر
جناب وسیم انور	رکن - انڈیپنڈنٹ ڈائریکٹر
محترمہ عنبر غوری	رکن - نان ایگزیکٹو ڈائریکٹر

بورڈ آف ڈائریکٹرز کو رجوع کرانے اور اشاعت سے قبل آڈٹ کمیٹی تمام سہ ماہی، نصف سالانہ اور سالانہ مالیاتی اسٹیٹمنٹس پر باقاعدہ نظر ثانی کرتی ہے اور انہیں منظور کرتی ہے۔

30 جون 2023 کو اختتام پذیر سال کے دوران آڈٹ کمیٹی کے چار (04) اجلاس منعقد ہوئے۔

ہیومن ریسورس اینڈ ریمونریشن کمیٹی

کوڈ آف کارپوریٹ گورننس کی تعمیل میں بورڈ آف ڈائریکٹرز نے اہم انتظامی عہدوں پر تقرر افراد کے انتخاب، جائزے اور معاوضے پر سفارشات کے لئے ہیومن ریسورس اینڈ ریمونریشن کمیٹی تشکیل دی

ہے۔ موجودہ کمیٹی مندرجہ ذیل افراد پر مشتمل ہے:

نام ڈائریکٹر	عہدہ
جناب ذیشان افضل	چیئرمین - انڈیپینڈنٹ ڈائریکٹر
جناب وسیم انور	رکن - انڈیپینڈنٹ ڈائریکٹر
جناب سلیم اللہ غوری	رکن - ایگزیکٹو ڈائریکٹر

30 جون 2023 کو اختتام پذیر سال کے دوران کمیٹی کے اصولوں کے دائرہ کار میں آنے والے امور پر تبادلہ خیال اور منظوری کے لئے ہیومن ریسورس اینڈ ریمونریشن کمیٹی کا صرف ایک (01) اجلاس منعقد ہوا۔

رسک مینجمنٹ کمیٹی

خطرات کی نشاندہی، تجزیہ اور تدارک کے لئے بورڈ کو تجاویز دینے کی خاطر بورڈ نے رسک مینجمنٹ کمیٹی بھی تشکیل دی ہے۔ اثرات اور امکانات کے مطابق متعین کردہ خدشات کو ترجیح دی جاتی ہے اور اس کے مطابق اصلاحی اقدامات کئے جاتے ہیں۔ موجودہ کمیٹی مندرجہ ذیل اراکین پر مشتمل ہے

نام ڈائریکٹر	عہدہ
جناب وسیم انور	چیئرمین - انڈیپینڈنٹ ڈائریکٹر
جناب ذیشان افضل	رکن - انڈیپینڈنٹ ڈائریکٹر
جناب عمر غوری	رکن - ایگزیکٹو ڈائریکٹر

30 جون 2023 کو اختتام پذیر سال کے دوران کمیٹی کے دائرہ کار میں آنے والے امور پر بحث اور منظوری کے لئے کمیٹی کا صرف ایک (01) اجلاس منعقد ہوا۔

نامزدگی کمیٹی (Nomination Committee)

بورڈ نے ایک نامزدگی کمیٹی بھی قائم کی ہے جو مندرجہ ذیل اراکین پر مشتمل ہے:

نام ڈائریکٹر	عہدہ
جناب انوار حسین	چیئرمین - انڈیپینڈنٹ ڈائریکٹر
جناب وسیم انور	رکن - انڈیپینڈنٹ ڈائریکٹر
جناب سلیم اللہ غوری	رکن - ایگزیکٹو ڈائریکٹر

بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیوں کی کارکردگی کا جائزہ

کمپنی کے بورڈ آف ڈائریکٹرز کا بنیادی فرض کمپنی کے امور کو ترتیب دینا اور ادارے کی خوشحالی کو یقینی بنانا ہے۔ بورڈ یہ بھی یقینی بناتا ہے کہ کمپنی کے شیئر ہولڈرز اور سٹیک ہولڈرز کے مفادات کا تحفظ فراہم کیا جائے۔ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019، کے تحت بورڈ آف ڈائریکٹرز اور اس کی ذیلی کمیٹیوں کی کارکردگی اور کمپنی کی سٹریٹجک سمت اور مقصد کی بابت بورڈ ڈائریکٹر کے فرائض کا تعین لازمی ہے۔

انفرادی اراکین کے فرائض اور کردار اور توجہ کا مرکز مستقبل کے امکانات کو مدنظر رکھتے ہوئے بورڈ کو درکار قابلیت کے تعین کے لئے بھی جانچ کیا جاتا ہے۔ ہیومن ریسورس اینڈ مینجمنٹ کمیٹی نے بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لینے کے لئے تمام بورڈ اراکین کو جامع سوالنامہ ارسال کیا۔

توجہ طلب اہم شعبے مندرجہ ذیل ہیں:

- کاروباری اہداف اور مقاصد کی کمپنی کے ویژن اور مشن کے ساتھ مطابقت
- مستقل آپریشنز کے لئے حکمت عملی مرتب کرنا
- بورڈ کی خود مختاری
- متعلقہ قواعد میں بیان کردہ فرائض کی انجام دہی کی بابت بورڈ کمیٹیوں کی کارکردگی کا جائزہ

انفرادی ڈائریکٹرز کی رائے اور حاصل شدہ نتائج اور بورڈ کی اوسط درجہ بندی کی بنیاد پر انفرادی ڈائریکٹرز اور کمیٹیوں کی کارکردگی تسلی بخش اور متاثر کن پائی گئی ہے۔

ڈائریکٹرز کا ٹریننگ پروگرام

بورڈ آف ڈائریکٹرز

تمام بورڈ اراکین نے یا تو ڈائریکٹرز ٹریننگ پروگرام مکمل کر لیا ہے یا لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019، میں بیان کردہ معیار کے تحت استثنیٰ حاصل کیا ہے۔

تمام شعبوں کے سربراہان اور خاتون افسران

ڈائریکٹرز ٹریننگ پروگرام کے تحت ہر سال کم از کم ایک سربراہ شعبہ اور ایک خاتون ایگزیکٹو کی ٹریننگ کی بابت لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019، کے معیارات کی پیروی میں یقینی بنانے کے لئے اقدامات اٹھائے گئے ہیں کہ کمپنی ضابطے کے مطابق مقررہ مدت میں تمام معیارات کی تعمیل کرے۔

متعلقہ فریقین سے لین دین کا جائزہ

عمومی کاروباری امور کے دوران تمام متعلقہ فریقین سے لین دین arm's length کی بنیاد پر کیا جاتا ہے جب کہ لین دین کمپنیز ایکٹ 2017، کے مروجہ قواعد کے عین مطابق ہوتا ہے۔ کمپنی نے ڈائریکٹرز یا اہم انتظامی عہدے داروں کے ساتھ کسی قسم کا لین دین نہیں کیا ہے جو کمپنی کے مفادات سے متصادم ہو یا اگر ایسا ہو تو اس کے لئے شیئر ہولڈرز کی منظوری درکار ہے۔ حالیہ مالیاتی سال کے دوران متعلقہ فریقین سے تمام لین دین کو آڈٹ کمیٹی اور بعد ازاں بورڈ کی منظوری کے لئے بورڈ آڈٹ کمیٹی کے روبرو پیش کیا گیا۔

ہولڈنگ کمپنی

حبیب سول ٹیکنالوجیز انکارپوریشن 16000 ونچورہ بولیوارڈ، سویٹ 770، انسینو، کیلیفورنیا 91436 امریکہ، کو کمپنی کے حصص کی اکثریت حاصل ہے۔

آڈیٹرز کی تقرری

موجودہ ایکسٹرنل آڈیٹرز میسرز ایچ۔ وائی۔ کے اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹ سبکدوش ہو رہے ہیں اور انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی میسرز ایچ۔ وائی۔ کے اینڈ کمپنی کی 30 جون 2024 کو ختم ہونے والے مالی سال کے لیے پہلے سے طے شدہ شرائط اور معاوضے پر تعیناتی کی تجویز کی توثیق کی ہے۔ ایکسٹرنل آڈیٹرز نے تصدیق کی ہے کہ انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) نے کوالٹی کنٹرول ریویو پروگرام کے تحت تسلی بخش ریٹنگ (Rating) دی ہے اور Audit Oversight Board of Pakistan کے ساتھ رجسٹرڈ ہیں۔ انہوں نے مزید کہا ہے کہ ان کی فرم انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) ICAP کی جانب سے منظور شدہ ضابطہ اخلاق پر مشتمل گائیڈ لائنز کی مکمل پاسداری کی ہے جو کہ (ICAP) کی جانب سے رائج کی گئی تھیں۔ ایکسٹرنل آڈیٹرز کو دیگر خدمات فراہم کرنے پر مامور نہیں کیا گیا ہے، علاوہ اس کے جو لسٹنگ ضوابط (Listining Regulations) کے مطابق ہیں۔

آپریٹنگ حصص برداری کا مثالی طریقہ کار (Pattern of Shareholding)

حصص برداری کے عمومی نمونے کے 30 جون 2023، کے گوشوارے کے ساتھ حصص داران کے مختلف حصص داری نمونے جن کا اظہار کیا جانا رپورٹنگ فریم ورک کے تحت ضروری ہے اور ڈائریکٹرز، ایگزیکٹوز اور ان کے بیوی بچوں اور نابالغ بچوں کی جانب سے مالی سال 2023 میں خریدے اور فروخت کیے گئے حصص کا گوشوارہ منسلک ہے۔

بعد میں رونما ہونے والے واقعات (Subsequent Events)

کسی مادی یا دیگر تبدیلی سے کمپنی کی مالی پوزیشن متاثر نہیں ہوئی ہے جو کہ مالی سال کے اختتام اور رپورٹ کی تاریخ کے درمیان رونما ہوئی ہوں، علاوہ ازیں اس رپورٹ میں بیان کی جا چکی ہے اگر کوئی ہے تو۔

اعتراف (Acknowledgement)

بورڈ آف ڈائریکٹرز کمپنی کے حصص داران، بینکوں، قدردان صارفین، سرکاری اداروں اور مالیاتی اداروں کی طرف سے حمایت کے لیے ان کی تعریف کرتا ہے اور خراج تحسین پیش کرتا ہے۔ بورڈ کمپنی کے تمام ملازمین کا ان کی خدمات، وفاداری اور ان کی مسلسل کوششوں کی قدر کرتا ہے اور انھیں بھی خراج تحسین پیش کرتا ہے اور امید کرتا ہے کہ مستقبل میں بھی ان کی مخلصانہ کوششیں جاری و ساری رہیں گی۔

ازطرف بورڈ آف ڈائریکٹرز:

سلیم اللہ غوری
(چیف ایگزیکٹو آفیسر)
لاہور
مورخہ: 21 ستمبر 2023ء

عمر غوری
(ڈائریکٹر)

Independent Auditor's Review Report to the Members of NetSol Technologies 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 **NetSol Technologies Limited** (the Company) for the year ended June 30, 2023 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 June 30, 2023.

hyk Co.

H.Y.K & Co.
Chartered Accountants
Lahore
September 26, 2023

UDIN: CR2023101439r2HB1UX6

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

For the Year Ended June 30, 2023

The statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulation, 2019 for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The total number of Directors are 07 as per the following:

Gender	Number
Male	06
Female	01

2. The composition of the Board is as follows:

Category	Number
Independent Directors	03
Non-Executive Directors	02
Executive Directors	02
Female Directors (Non-Executive Directors)	01

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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the 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 the Board.

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

9. The Company is fully compliant with the "Directors Training program". All the Board members have either completed the Directors Training Program or meets the exemption criteria stated in the Code of Corporate Governance Regulations, 2019.

10. During the year, there was no change in the position of CFO, Company Secretary and Head of Internal Audit and their remuneration and terms and conditions of employment. Their appointments, remuneration and terms and conditions were previously approved by the Board of Directors as per requirements of the relevant Regulations;

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

12. The Board has formed the following Committees comprising of members given below:

12.1 Audit Committee (AC)

Names of Directors	Designation
Mr. Anwaar Hussain	Chairman-Independent Director
Mr. Vaseem Anwar	Member-Independent Director
Ms. Hamna Ghauri	Member - Non- Executive Director

12.2 Human Resource and Remuneration Committee (HR & RC)

Names of Directors	Designation
Mr. Zeshan Afzal	Chairman-Independent Director
Mr. Vaseem Anwar	Member-Independent Director
Mr. Salim Ullah Ghauri	Member - Executive Director

12.3 Risk Management Committee

Names of Directors	Designation
Mr. Vaseem Anwar	Chairman-Independent Director
Mr. Zeshan Afzal	Member-Independent Director
Mr. Omar Ghauri	Member - Executive Director

12.4 Nomination Committees (NC)

Names of Directors	Designation
Mr. Anwaar Hussain	Chairman-Independent Director
Mr. Vaseem Anwar	Member-Independent Director
Mr. Salim Ullah Ghauri	Member - Executive Director

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

14. The frequency of meetings of the Committees were as per following:

Committee	Meeting Frequency
Audit Committee	Quarterly
HR and RC	Yearly
RMC	Yearly
NC	Need Basis

15. The Board has set up an effective internal audit function, comprising of professionals who are suitably qualified and experienced for the purpose and are conversant with the business policies and procedures of the Company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan 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;

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

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

NAEEM ULLAH GHAURI
Chairman
Lahore
Dated: September 21, 2023

Pattern Of Shareholding

As at June 30, 2023

No. of Shareholders	From	To	Total
1728	1	100	77,058
2114	101	500	747,206
1338	501	1000	1,183,597
1990	1001	5000	4,781,745
381	5001	10000	2,746,536
125	10001	15000	1,570,063
71	15001	20000	1,260,988
47	20001	25000	1,087,431
22	25001	30000	617,330
14	30001	35000	471,014
17	35001	40000	660,678
7	40001	45000	298,842
17	45001	50000	835,301
8	50001	55000	423,154
2	55001	60000	116,250
4	60001	65000	253,134
1	65001	70000	70,000
2	75001	80000	158,212
1	80001	85000	85,000
2	85001	90000	178,548
5	95001	100000	493,800
2	105001	110000	211,624
1	110001	115000	110,500
2	120001	125000	245,600
3	125001	130000	384,900
2	130001	135000	260,538
1	145001	150000	150,000
1	150001	155000	150,486
1	165001	170000	166,500
3	180001	185000	546,528
1	195001	200000	197,000
1	210001	215000	210,047
1	230001	235000	234,900
1	245001	250000	250,000
1	285001	290000	285,800
1	295001	300000	300,000
1	355001	360000	357,500
1	420001	425000	422,845
1	690001	695000	692,409
1	900001	905000	904,501
1	1015001	1017000	1,016,295
1	1305001	1307000	1,306,300
1	2610001	2615000	2,612,515
1	16445001	16450000	16,450,000
1	42254001	42255000	42,254,248
7,907			**87,836,923**

In addition to the above, NETSOL Technologies Limited holds 2,000,000 Treasury shares

Information Required As Per Code Of Corporate Governance

For the year ended June 30, 2023
Incorporation No.0037024

Sr no	Catagories of Share Holders	No.of Shareholders	Shareholds	% of Capital	Total
01	Directors, CEO and their Spouse and minor childern				
	Mr. Salim Ullah Ghauri	1	1,016,295	1.16	
	Mr. Vaseem Anwar	1	550	0.00	
	Mr. Omar Shahab Ghauri	1	250,509	0.29	
	Mr. Anwaar Hussain	1	526	0.00	
	Ms. Hamna Ghauri	1	600	0.00	
	Mr. Naeem Ullah Ghauri	1	550	0.00	
	Mr. Zeshan Afzal	1	500	0.00	
	Ms. Tahira Salim Ghauri	1	4,000	0.00	1,273,530
02	Associated Companies, undertakings and related parties				
	NETSOL Technologies Inc.	1	59,396,657	67.62	59,396,657
03	Banks, DFI and NBFC, Insurance Co., Takaful, Modaraba and Pension Funds/Other Funds				
	Banks and Financial Institutions	3	22,872	0.03	
	Modarabas	3	42,894	0.05	
	Investment Companies	3	53,388	0.06	
	Insurance Companies	1	78,212	0.09	
	Other Funds	6	328,386	0.37	525,852
04	Public Sector Cos. and Corporation				
		72	3,013,091	3.43	3,013,091
05	Mutual Funds				
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	2,000	0.00	
	CDC - TRUSTEE FAYSAL MTS FUND - MT	1	98,691	0.11	
	CDC - TRUSTEE HBL INCOME FUND - MT	1	120,600	0.14	
	CDC - TRUSTEE HBL FINANCIAL SECTOR INCOME FUND PLAN I - MT	1	234,900	0.27	456,191
06	Generic Public				
	a. Local	7,805	23,170,493	26.38	23,170,493
	b. Foreign	1	1,109	0.00	1,109
	Total	7,907		100	87,836,923

In addition to the above, NETSOL Technologies Limited holds 2,000,000 Treasury shares

Shareholders holding five percent or more voting interest in the Company

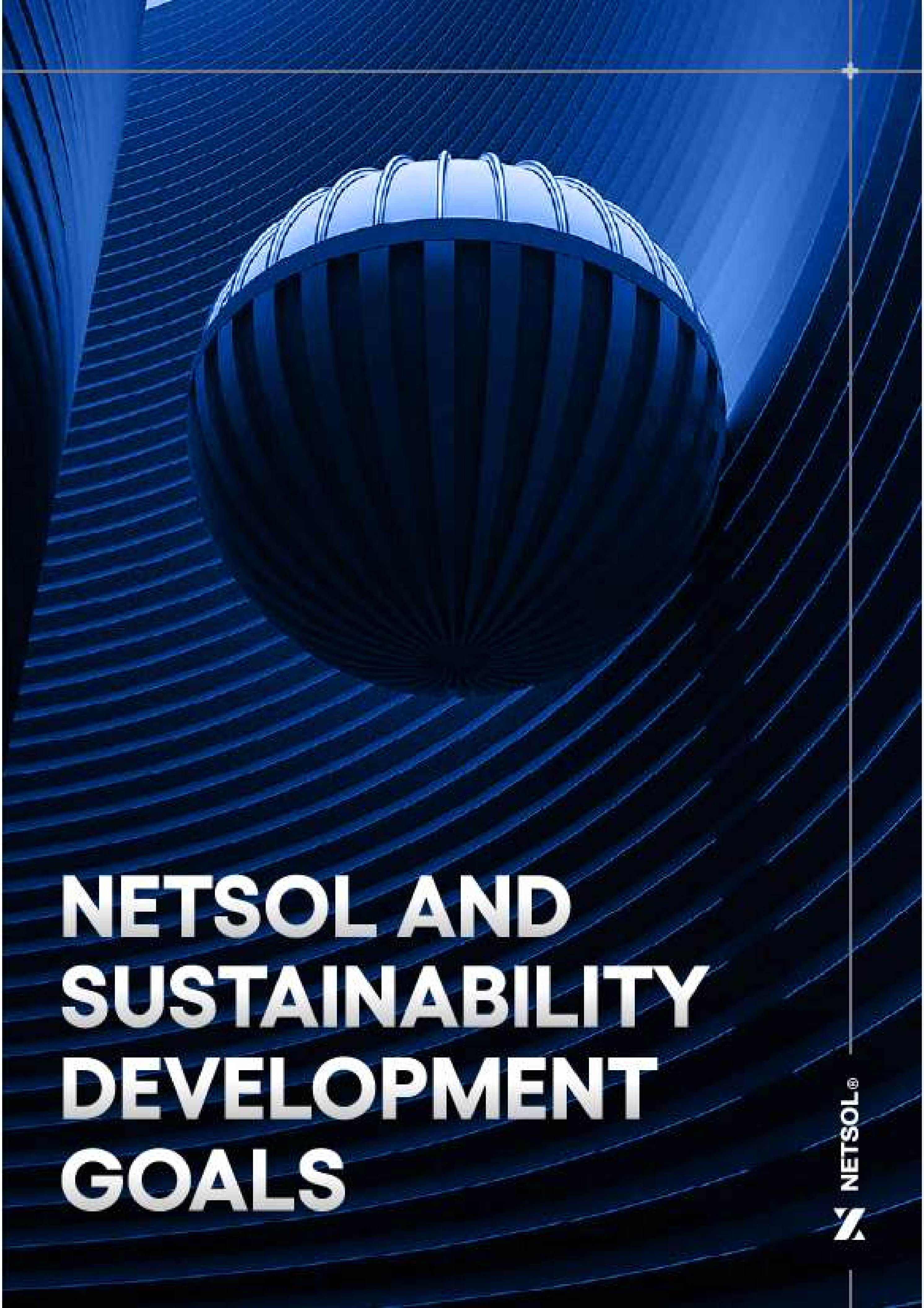
NETSOL Technologies Inc.	59,396,657	67.62

Trading in shares during the year 2023

No trade in the shares of the Company was carried out by the CEO, Directors, CFO, Company Secretary their spouses and minor children during the year except the following:

Directors

Mr.Omar Shahab Ghauri, COO/Executive Director purchased 200,000 shares.



NETSOL AND SUSTAINABILITY DEVELOPMENT GOALS

NETSOL and Sustainability Development Goals

The United Nations had laid down 17 Sustainable Development Goals with the objective of transforming our world for the better. These goals pertaining to health and equality for humankind and caring for the environment will lead to prosperity for all people and our planet. To attain these objectives, NETSOL Technologies takes these sustainable development goals extremely seriously with regard to its operations, people and processes. The following highlights the steps NETSOL Technologies takes as an entity to play its part in achieving the below mentioned goals set by the United Nations.

NO POVERTY

- **Noble Cause Fund Contribution**

  The company has a Noble Cause Fund (NCF) in place, which is an initiative to support our employees in need. Money from this fund is used for various noble causes such as health care, marriage, house construction, funeral arrangements and other forms of distress relief.

  The company's contribution of approx. PKR 1 million to the noble cause fund reinforces NETSOL's dedication in promoting both poverty reduction and quality education.

- **Flood Relief Program**

  The company organized fundraising efforts to support flood relief and aid victims who suffered great losses.§ NETSOL contributed PKR 9.7 million during the year to flood relief program.

- **Philanthropy**

  NETSOL is actively engaged in reducing poverty through various philanthropic initiatives. Please refer to the 'Quality Education' section below pertaining to all educational programs and funding for the lesser fortunate, poor children in our country.

Zero Hunger

- **NETSOL Ration Scheme**

  The company's CSR committee launched the ration scheme to help needy families within our community. This was initiated in November 2021 with 150 needy families. In July 2023, the company distributed vital food rations to 253 families. NETSOL is spending approx. PKR 1.6 million in food rations monthly.

GOOD HEALTH AND WELL-BEING

In-house Doctor

With great dedication to the well-being of our employees, our in-house doctor ensures comprehensive medical care, providing health check-ups, medical consultations, first aid and minor treatment, health education and wellness programs.

HospitALL

Bringing digitization to Pakistan's healthcare system, NETSOL introduced HospitALL. The app allows users to manage complete medical records electronically, monitor their health activities and also use nearby services feature to get all the relevant and localized information they need when it comes to healthcare.

Mental Health Workshops

Mental health includes our emotional, psychological and social well-being. It can greatly impact one's physical health as well. NETSOL regularly conducts mental health awareness workshops stressing the significance of mental/emotional health.

State-of-the-art Gym

NETSOL's fully equipped office gym is designed to prioritize employee well-being. We believe that a healthy body contributes to a productive mind, and our in-house gym helps employees achieve their fitness goals without leaving the workplace. The gym provides personal trainers who also set fitness and customized diet plans for each employee.

Facilities for Outdoor Sports and Activities

The company's massive back garden is equipped with floodlights for evening sports and recreation. We believe in fostering a vibrant work-life balance and our illuminated garden offers the perfect space for employees to unwind and engage in sports after hours.

Medical Facility

The company covers the medical expenses up to the designated limits of employees, their parents, spouses and children, encompassing both in-patient and out-patient categories.

QUALITY EDUCATION

NESP (National Education Support Program)

NESTOL Education Support Program (NESP) is an award-winning program (as the BEST in CSR Practices category) for the PASHA Awards. NETSOL supports the educational expenses of children for the company's entire support staff in order to provide these children with a brighter future. NESP includes not only tuition fees for their schooling, but the program also provides the required school/college uniforms, books, stationery as well as transportation services for the children to go to and from school. During the year NETSOL has contributed approx. PKR 36 million towards this program.

DIL School

NETSOL has provided over PKR 5 million to DIL school (Development in Literacy Foundation) to provide quality education to underprivileged children. A dedicated team from NETSOL works on their TEAL (Technology-enabled assisted learning), enabling their teachers in remote areas to benefit from virtual lessons.

Million Smiles Foundation

The company's collaboration with the Million Smiles Foundation has led to a noteworthy investment of over PKR 4 million for facilitating educational initiatives. This effort enhances the potential for socio-economic upliftment and improved livelihoods, aligning with the goals of both education as well as poverty reduction.

C2C Program

The lack of opportunities for IT graduates in Pakistan was the reason for the initiation of NETSOL's C2C program, which provides training, guidance and mentorship to both fresh IT graduates in Pakistan as well as those who have been unable to attain employment. Out of the participants part of this program, NETSOL itself hired 55 individuals.

Higher Education

NETSOL not only assists their employees but also other students that face financial constraints to continue their higher education. In the last year alone, 2022-2023, the company has disbursed an amount of approx. PKR 3.8 million on the HE Program.

GENDER EQUALITY

- **Increasing Ratio**

  NETSOL's journey towards gender equality shows progressive growth, with a consistent increase in female representation. While in 2020, there were 20% women in the company, this figure has risen to nearly 30%.

- **Equal Compensation**

  NETSOL offers gender-blind salaries, ensuring equitable remuneration regardless of gender.

- **Promotions**

  Highlighting gender-neutral career advancement, 132 women were selected for promotions in 2023.

- **Leadership Diversity**

  NETSOL has several women lead departments, breaking gender barriers in male-dominated sectors.

AFFORDABLE AND CLEAN ENERGY

- **Be Responsible – Save Electricity" Campaign**

  Promoted the practice of turning off lights, ACs, computers, chargers, and laptops when not in use.

- **Maintained Temperature**

  Maintained a consistent temperature of 26°C across all halls for optimal energy usage.

- **Focused Work Hours**

  Implemented a 6 pm to 12 pm 'One Hall' work trend to optimize energy consumption by centralizing workspace.

- **Usage of LED Lights**

  Not only do LED lights create a brighter, more inviting workspace, but they also significantly contribute to our energy efficiency goals. They also use up to 80% less energy compared to traditional lighting.

DECENT WORK AND ECONOMIC GROWTH

Perks, Benefits and More

We pride ourselves on providing a superior work environment for all our employees. We provide a cafeteria with various options for free lunch daily, and also provide free fuel for all employees (up to the designated limits), on-site parking facilities, fire safety, medical insurance, provident fund/loans through provident fund, share option scheme for employees, employee-friendly HR policies/work culture, employee engagement programs, business ethics and anti-corruption measures/transparency.

Open-door Policy

NETSOL upholds an open-door policy, allowing employees the freedom to communicate via emails, phone calls or direct conversations with senior management. This encourages employees to provide suggestions, voice grievances, express concerns or discuss any matters related to the company.

Whistle-blowing Policy

NETSOL holds frequent activities to ensure that the employees are working within the Company's Code of Conduct (Code). The Code is thoroughly observed throughout the organization. Employees are also required to sign off on the Code. There is zero tolerance towards corruption in the Company. Employees are encouraged to contact the audit committee directly, whether anonymously or otherwise, in case they come to know about any monetary irregularities or suspicious activities taking place in the Company. For this purpose, drop boxes have been placed at prominent places within the Company's office.

Contribution to National Exchequer

We have always shown our responsibility by paying all government taxes in time and without any delay. For the year ended June 30, 20,23 we made our humble contribution to the National Exchequer by way of general sale tax, income tax and other government levies.

Description	PKR ('000')
Income Tax	73,551
Sales Tax	10,895
Withholding Tax	525,183

- **Governance**
  1. Compliance with laws and regulations in all business activities.
  2. Disclosure of all the related party transactions to ensure compliance with the applicable laws.
  3. Transparent reporting to shareholders addressing grievances, if any.
  4. Timely disclosure of facts on PSX and SECP to ensure transparency.

REDUCED INEQUALITIES

- **Diversity and Inclusivity**

  We are committed to fostering an environment where every employee thrives. NETSOL's Assisted Access Work Environment empowers all our differently-abled employees to excel, contribute and succeed.

- **Equal Pay**

  Salaries are paid based solely on an employee's performance.

- **Zero Discrimination**

  NETSOL hires solely on merit and the company has zero tolerance for any form of discrimination. Employees are hired irrespective of religious beliefs, creed, caste, ethnicity, etc.

RESPONSIBLE CONSUMPTION AND PRODUCTION

- **'Save Food' Initiative**

  NETSOL successfully decreased food wastage by over 50%, promoting mindful consumption and minimizing environmental impact.

CLIMATE ACTION

- **Tree Plantation Drives**

  This year, NETSOL continued its tree plantation drives - a powerful step in our collective fight against climate change. Trees release oxygen and filter pollutants from the air, enhancing the quality of the air we breathe.

They absorb carbon dioxide, a major contributor to global warming, helping mitigate its impact.

- **Clean-Up Drive for Climate Action**

  Employees actively participated in the 'Ring Road Clean Up Drive', symbolizing a collective commitment to combat climate challenges.

- **Carpooling Initiative**

  Employees continue carpooling to reduce carbon emissions and fuel consumption. Further, our free van facility for our female employees also reduces emissions by having one vehicle pick/drop multiple people to and from their residences.

- **Be Responsible - Save The Environment' Campaign**

  Raised awareness about responsible environmental practices.

- **Recycling**

  Recycling bins are strategically placed throughout all halls, ensuring easy access for employees. Employees are actively encouraged to segregate waste, including glass, paper and plastic at the office.

NOTICE OF ANNUAL GENERAL MEETING

NETSOL®

NOTICE IS HEREBY GIVEN THAT the 27th Annual General Meeting ("AGM") of the shareholders of NETSOL Technologies Limited (the "Company") will be held on October 25th, 2023 at **11:00 A.M** at the Registered Office of the Company situated at NetSol IT Village (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt., and through video link facility to transact the following ordinary business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Reports of Directors, Chairman and Auditors together with annual audited separate and consolidated financial statements of the Company for the year ended June 30, 2023.

In accordance with Section 223(7) of the Companies Act, 2017 and SECP SRO 389(I)/2023 dated March 21, 2023, Financial Statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link and QR enabled code:

https://www.netsolpk.com/investor-information

2. To appoint Auditors and fix their remuneration. The shareholders are hereby notified that the Audit Committee and the Board of Directors have recommended the name of retiring auditors M/s H.Y.K & Co. Charted Accountants for appointment as auditors of the Company

By Order of the Board

Sehrish
Company Secretary
Lahore
(October 04, 2023)

NOTE:

1. Share transfer books of the Company will remain closed from October 19, 2023 to October 25, 2023 (both days inclusive). Physical/CDC transfers received in order at the Shares Registrar, M/s Vision Consulting Ltd., 3-C, LDA Flats, Lawrence Road, Lahore Tel: (92 42) 36283096, 36283097 and Fax: (+92 42) 36312550 by the close of business on October 18, 2023 will be treated in time for attending and vote at the meeting.

2. Shareholders are requested to notify the change of address, if any.

3. Participation in the AGM

Pursuant to the requirement of Securities and Exchange Commission of Pakistan (SECP), Shareholders may wish to participate virtually in the AGM. For this purpose, the shareholders are requested to visit company's website for registration.

In case of any queries, please feel free to email at: corporate@netsolpk.com

Please note that registration for the meeting shall close at 09:30 am on October 25, 2023 after which participants / shareholders shall be unable to register for the meeting. Any and all participants / shareholders who would have registered within the prescribed timeline shall receive a meeting link and shall be able to access the meeting therefore, the Company emphasizes on timely registrations.

4. A member entitled to attend and vote at the general meeting may appoint another member as his/her proxy to attend and vote on his/her behalf through video link and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Annual General Meeting as are available to a Member. In order to be effective, proxies, complete in all respect, must be received at the registered office of the Company not less than 48 hours before the scheduled time of the meeting. Proxy Form in English and Urdu languages is attached herewith.

5. CDC account holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan in Circular 1 dated January 26, 2000:

A) For Attending the Meeting:

a) In case of individuals, the account holder or sub-account holder and/or the persons whose shares are in group accounts and their registration details are uploaded as per CDC regulations shall authenticate their identity by showing their original computerized national identity cards (CNICs) or original passport at the time of attending the meeting.

b) In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B) For Appointing Proxies:

a) In case of individuals, the account holder or sub-account holder and/or persons whose shares are in group accounts and their registration details are uploaded as per CDC regulations, shall submit the proxy form as per the above requirements.

b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

c) Attested copies of CNICs or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

d) The proxy shall attach attested copy of his/ her CNIC or passport to the company.

e) In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted.

ATTENTION OF THE MEMBERS ARE DRAWN TO THE FOLLOWING MATTERS:

6. CNIC, IBAN for E-Dividend and Zakat

a) As per Section 242 of the Companies Act 2017, in case of a public listed company, it is mandatory that any dividend payable in cash shall only be remitted through electronic mode directly into the bank account designated by the entitled members. Therefore, through this notice, all shareholders are requested to update their bank account No. (IBAN), CNIC and details in the Central Depository System through respective participants. In case of physical shares, the members shall provide bank account (IBAN) details to our Share Registrar, M/s Vision Consulting Ltd.

Please ensure an early update of your particulars to avoid any inconvenience in future. e-Dividend mandate form is enclosed in the annual report and also available on the website of the Company, www.netsolpk.com. In case of non-submission, all future dividend warrants may by withheld.

b) Members are requested to submit declaration (CZ-50) as per Zakat and Ushr Ordinance 1980 for zakat exemption and to advise change in address, if any.

7. Unclaimed Dividend and/Shares

The Company has previously discharged its responsibility under Section 244 of the Companies Act, 2017 whereby the Company approached the shareholders to claim their unclaimed dividends and undelivered share certificates in accordance with the law.

Shareholders, whose dividends still remain unclaimed and/or undelivered share certificates are available with the Company, are hereby once again requested to approach our Share Registrar to claim their outstanding dividend amounts and/ or undelivered share certificates.

8. Dissemination of Annual Audited Accounts and Notice of Annual General Meeting

As required under section 223(7) of the Companies Act 2017, the Company has placed the Audited Annual Separate and Consolidated Financial Statements for the year ended June 30, 2023 along with Auditors' and Directors' Reports thereon and Chairman's Review Report uploaded on Company's website which can be downloaded from the following link and QR enabled code:

https://www.netsolpk.com/investor-information

Further, in accordance with SRO 389(I)/2023 dated March 21, 2023, through which SECP has allowed the listed companies to circulate the annual balance sheet and profit and loss account, auditor's report and directors report, etc.("annual audited financial statements") to its members through QR enabled code and web link instead of transmitting the same in the form of CD/DVD/USB, the Company had obtained shareholder's approval in its Extra-Ordinary General Meeting held on June 23, 2023.

In compliance with section 223(6) of the Companies Act, 2017 and SECP SRO 389(I)/2023 dated March 21, 2023, the Annual Report of the Company shall be circulated via email to those shareholders whose email addresses are present in the records/database of the CDC and Share Registrar.

The members are requested to kindly provide their valid email address (along with a copy of valid CNIC) to the Company's Share Registrar, M/s . M/s Vision Consulting Limited, if the Member holds shares in physical form or, to the Member's respective Participant/Investor Account Services, if shares are held in book entry form.

Notwithstanding the above, the Company will provide hard copies of the Annual Report 2023, to any Member on their request, at their registered address, free of cost, within one (1) week of receiving such request. Further, Members are requested to kindly provide their valid email address (along with a copy of valid CNIC) to the Company's Share Registrar, M/s. M/s Vision Consulting Limited, if the Member holds shares in physical form or, to the Member's respective Participant/Investor Account Services, if shares are held in book entry form.

9. Deposit of Physical Shares into CDC Account

The Shareholders having physical shareholding may open sub-account with any of the brokers or Investor account directly with CDC to place their physical shares into scrip-less form, this will facilitate them in many ways including safe custody and sale of shares, at any time they want, as the trading of physical shares is not permitted as per existing regulations of the stock exchange. Further, Section 72 of the Act states that after the commencement of the Act from a date notified by the SECP, a company having share capital, shall have shares in book-entry form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Act.

FINANCIAL STATEMENTS

NETSOL®

Independent Auditor's Report

To the Members of NetSol Technologies Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **NetSol Technologies Limited** (the Company), which comprise the statement of financial position as at June 30, 2023, 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 June 30, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	**Revenue Recognition** Refer notes 4.9 and 27 to the financial statements. Revenue recognized during the year ended June 30, 2023, includes Rs. 2,114.47 million (2022: 1,668.96 million) from related parties. Revenue is derived from a number of revenue streams, and key streams include license, rendering of services and subscription and support. Each stream has its own revenue recognition policies based on the nature of the revenue and underlying contractual arrangements. Management judgment is required around the degree to which revenue has been earned as at the year-end date. Large contracts are typically bundled, and often include license, rendering of services and subscription and support revenues. Inappropriate revenue recognition in relation to cut off, as revenue may not have been recognized in the correct accounting period. In light of the multiple revenue streams, complexity of accounting and crucial nature of this number to stakeholders, we have identified revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit procedures included the followings, • Obtained an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period. • Assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards. • Selected a sample of transactions recognized in revenue during the year and recalculating the revenue recognized with underlying contracts. • Checked evidence to support that software license has been delivered to customers prior to revenue recognition. • Agreed license revenues to signed contracts or software license agreements. • Agreed the revenue to subsequent payment as evidence of collectability. • 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; • Evaluated the appropriateness of the disclosures provided under the revenue standard IFRS-15 and assessed the completeness and mathematical accuracy of the relevant disclosures.

2.	**Valuation of Trade Debts and Contract Assets** Refer notes 4.12, 9 and 10 to the financial statements. The company has a significant balance of trade debts. 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. In relation to financial assets, IFRS 9 requires the recognition of expected credit losses ('ECL') rather than incurred credit loss model. Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. In accordance with IFRS 9, the measurement of ECL reflect a range of unbiased and probability-weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions. We identified allowance for credit losses as a key audit matter because the Company exercises significant judgment in calculating the expected credit losses	Our audit procedures in relation to the matter, included the following: • Obtained understanding of the recorded trade receivables by discussing with the management and making inquiries on the entire accounting process associated with the recording of trade receivables and contract assets. • We sought external confirmations from selected debtors of their balances that remained outstanding at the year end and compared replies to the request. • Where response to the external confirmations were not received, we have checked subsequent receipts/ traced the receivables balances to the invoices. • Reviewed the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Company. • Tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company • Testing the accuracy of the data on a sample basis extracted from the Company's accounting system which is used to calculate aging of trade receivables; and • Assessed the relevant disclosures made in the financial statements to determine whether they are complied with the accounting and reporting standards as applicable in Pakistan.

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:

Lahore Office:
321 Upper Mall Lahore
Phone 92 42 3575 5530
Phone 92 42 3578 9331

www.hyk.com.pk | info@hyk.com.pk

Islamabad Office:
House No 4, Street No 60
F-7/4 Islamabad.
Phone 051 265 4334

• 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.

H.Y.K & Co.
CHARTERED ACCOUNTANTS

Report on Other Legal and Regulatory Requirements

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

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

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

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

hyk & co.

H.Y.K and Co.
Chartered Accountants
Lahore
Date: September 26, 2023

UDIN: AR202310143JctueEZSh

Statement of Financial Position

As at June 30, 2023

	NOTE	2023	2022
		Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	1,514,208,964	1,613,214,573
Intangible assets	6	40,385,947	333,889,687
		1,554,594,911	1,947,104,260
Long term investments	7	52,280,650	30,062,650
Long term loans to employees	8	4,391,690	7,890,537
		1,611,267,251	1,985,057,447
CURRENT ASSETS			
Trade debts	9	5,639,020,972	2,500,048,433
Contract assets	10	1,968,963,315	1,756,374,220
Loans and advances	11	64,849,265	32,298,946
Trade deposits & short term prepayments	12	125,948,934	53,599,224
Other receivables	13	26,110,091	13,811,254
Due from related parties	14	726,749,907	473,966,306
Taxation - net	15	6,261,617	929,968
Cash & bank balances	16	2,631,170,928	3,785,712,936
		11,189,075,029	8,616,741,287
TOTAL ASSETS		12,800,342,280	10,601,798,734

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

Statement of Financial Position

As at June 30, 2023

	NOTE	2023	2022
		Rupees	
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
200,000,000 ordinary shares of Rs.10/- each	17	2,000,000,000	1,500,000,000
Issued, subscribed and paid-up capital	17	898,369,232	898,369,232
Share deposit money		12,500	12,500
Reserves	18	8,269,052,436	6,928,653,878
		9,167,434,168	7,827,035,610
NON-CURRENT LIABILITIES			
Long term financing	19	49,626,618	88,280,643
Lease liabilities	20	970,557	4,250,668
Long term advances	21	16,675,000	7,975,000
		67,272,175	100,506,311
CURRENT LIABILITIES			
Trade and other payables	22	818,362,446	602,574,255
Contract liabilities	23	1,117,495,620	358,503,688
Short term borrowings	24	1,580,000,000	1,580,000,000
Current portion of long term liabilities	25	45,924,040	129,214,265
Unclaimed dividend		3,853,831	3,964,605
		3,565,635,937	2,674,256,813
CONTINGENCIES & COMMITMENTS	26	-	-
TOTAL EQUITY AND LIABILITIES		12,800,342,280	10,601,793,734

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR** **CHIEF FINANCIAL OFFICER**

Statement of Profit or Loss

For the year ended June 30, 2023

	NOTE	2023	2022
		Rupees	
Revenue from contracts with customers - net	27	7,670,180,883	6,116,638,090
Cost of revenue	28	(5,408,016,998)	(4,011,649,978)
Gross profit		2,262,163,885	2,104,988,112
Selling and promotion expenses	29	(669,723,960)	(569,800,070)
Administrative expenses	30	(1,357,652,916)	(977,916,049)
		(2,027,376,876)	(1,547,716,119)
Operating Profit		234,787,009	557,271,993
Other income	31	2,013,526,781	1,073,172,017
		2,248,313,790	1,630,444,010
Other operating expenses	32	(547,234,324)	(352,555,735)
Finance cost	33	(189,649,121)	(59,180,872)
Share of loss of associate		(33,686,884)	(165,704,147)
Profit before taxation		1,477,743,461	1,053,003,256
Taxation	34	(192,509,306)	(139,782,952)
Profit after taxation for the year		1,285,234,155	913,220,304
Earnings per share			
Basic - In Rupees	35	14.63	10.19
Diluted - In Rupees	35	14.59	10.18

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Statement of Comprehensive Income

For the year ended June 30, 2023

	2023	2022
	Rupees	
Profit after taxation for the year	**1,285,234,155**	913,220,304
Other comprehensive income	-	-
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)		
Reclassification/share of other comprehensive (loss) of an associate	33,686,884	(12,815,055)
Items that will not be reclassified subsequently to profit or loss	-	-
Total comprehensive income for the year	**1,318,921,039**	900,405,249

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

Statement of Cash Flows

For the year ended June 30, 2023

	NOTE	2023	2022
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation for the year		1,477,743,461	1,053,003,256
Adjustments for non cash charges and other items:			
Depreciation - own assets		389,305,306	275,861,642
Amortization of Right of Use Assets		2,673,249	12,638,292
Amortization of intangible assets		293,503,740	293,503,740
Loss on disposal of fixed assets		6,183,902	30,520,826
Foreign exchange (gain)		(1,695,749,571)	(790,327,565)
Finance cost		185,973,590	67,506,245
Interest income		(315,677,214)	(280,144,903)
Employee compensation expense		21,477,519	7,553,070
Amortization of deferred grant		(712,519)	(9,536,666)
Provision for expected credit losses		167,574,180	103,872,650
Reclassification/Share of loss of associate		33,686,884	165,704,147
		(911,760,934)	(122,848,522)
Cash generated from operations before working capital changes		565,982,527	930,154,734
Working Capital Changes			
Trade debts		(2,267,160,472)	(163,758,252)
Contract assets		272,718,828	(593,218,832)
Contract liabilities		758,991,932	159,996,229
Loans and advances		(29,051,472)	(20,274,782)
Trade deposits & short term prepayments		(72,349,710)	31,026,649
Other receivables		(12,298,837)	(6,685,595)
Due from related parties		(252,783,601)	(28,228,692)
Trade and other payables		318,748,057	201,637,536
Cash (used in) operations		(1,283,185,275)	(419,505,739)
Finance cost		(140,096,059)	(69,230,904)
Income taxes paid		(197,840,955)	(124,037,125)
Dividend paid		(110,774)	(274,902)
Net cash (used in)/generated from operations		(1,055,250,536)	317,106,064
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment's purchased		(385,639,829)	(347,290,240)
Sales proceeds of fixed asset		82,402,982	15,572,913
Advances against capital expenditure		4,080,000	(1,080,000)
Interest received		315,677,215	280,144,904
Net cash generated from/(used in) investing activities		16,520,369	(52,652,423)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of shares		-	(184,738,875)
Paid against lease liabilities		(3,391,116)	(19,289,396)
Received against lease liabilities		-	9,093,645
Long term loan		(121,120,725)	(50,601,451)
Deferred grant		8,700,000	7,975,000
Net cash (used in) financing activities		(115,811,841)	(237,561,077)
Net (decrease)/increase in cash and cash equivalents		(1,154,542,008)	26,892,564
Cash and cash equivalents at the beginning of the year	16	3,785,712,936	3,758,820,372
Cash and cash equivalents at the end of the year	16	2,631,170,928	3,785,712,936

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

Statement of Changes in Equity

For the year ended June 30, 2023

	Issued, subscribed and paid-up capital	Share deposit money	Capital Reserve				Revenue Reserve Un-appropriated profit	Total
			Treasury share reserve	Employee share option compensation reserve	Share premium	Foreign currency translation reserve		
	Rupees							
Balance as at June 30, 2021	898,369,232	12,500	-	224,670,369	304,166,629	(20,871,829)	5,697,469,265	7,103,816,166
Net profit for the period	-	-		-	-	-	913,220,304	913,220,304
Other comprehensive (loss) for the period	-	-	-	-	-	(12,815,055)	-	(12,815,055)
Total comprehensive income for the period	-	-	-	-	-	(12,815,055)	913,220,304	900,405,249
Amortization of employee share options	-	-		7,553,070	-	-	-	7,553,070
	-	-	-	7,553,070	-	(12,815,055)	913,220,304	907,958,319
Transactions with owners of the company recorded directly in equity								
Treasury Shares	-	-	(184,738,875)	-	-	-	-	(184,738,875)
Balance as at June 30, 2022	898,369,232	12,500	(184,738,875)	232,223,439	304,166,629	(33,686,884)	6,610,689,569	7,827,035,610
Balance as at June 30, 2022	898,369,232	12,500	(184,738,875)	232,223,439	304,166,629	(33,686,884)	6,610,689,569	7,827,035,610
Net profit for the year	-	-	-	-	-	-	1,285,234,155	1,285,234,155
Other comprehensive income for the year			-	-	-	-	-	-
Reclassification adjustment	-	-	-	-	-	33,686,884	-	33,686,884
Total comprehensive income for the year	-	-	-	-	-	33,686,884	1,285,234,155	1,318,921,039
Amortization of employee share options	-	-	-	21,477,519	-	-	-	21,477,519
	-	-	-	21,477,519	-	33,686,884	1,285,234,155	1,340,398,558
Balance as at June 30, 2023	898,369,232	12,500	(184,738,875)	253,700,958	304,166,629	-	7,895,923,724	9,167,434,168

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

Notes to the Financial Statements

For the year ended June 30, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

NetSol Technologies Limited ("the Company"), incorporated in Pakistan on August 22, 1996 under the repealed Companies Ordinance, 1984, (Now Companies Act 2017) as a private company limited by shares, was later on converted into public limited company and subsequently listed on Pakistan Stock Exchange on August 26, 2005. Principal activities of the Company is the development and sale of computer software and allied services in Pakistan as well as abroad.

Geographical location and addresses of business units:

Address/Location	Purpose
1 NetSol IT Village,(Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan.	Registered office and business unit
2 43/1/Q, Amna Villa 1, Block-6, PECHS Housing Society Karachi.	Branch office
3 House No. 4, Safari villas 1, Bahria town, Rawalpindi. Pakistan.	Branch office
4 Central Senayan 2 Building, 16th Floor, Asia Afrika Street, No. 8, Senayan, Kebayoran Baru, South Jakarta, DKI Jakarta, 12190	Branch office
5 3rd floor Jasmin's Arcade Fakhar-e-Alam road, Peshawar Cantt. Pakistan.	Branch office
6 Office no 23, The Arcadin, Kohinoor city, Jaranwala road, Faisalabad, Pakistan.	Branch Office

The Company is a majority owned subsidiary of NetSol Technologies Inc., USA.

2. BASIS OF PREPARATION

2.1 Separate financial statements

These are separate financial statements of the company. Consolidated financial statements are prepared separately.

2.2 Statement of compliance

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

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

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

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

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for revaluation of certain financial instruments at fair value as disclosed in respective accounting policies or notes.

2.4 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is Company's functional currency. All financial information presented in Pak Rupee has been rounded off to the nearest rupees unless stated otherwise.

2.5 Accounting policies

The accounting policies adopted for the preparation of these financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2022.

2.6 New accounting standards, IFRIC interpretations, amendments to the published approved accounting standards and companies Act 2017 that are effective in current year.

Certain standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on July 1, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

2.7 New accounting standards,IFRIC interpretations, amendments to the published approved accounting standards that are not effective in current year and have not been early adopted by the company:

The following standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods begining on or after July 01, 2023 but are considered not to be relevant or to have any significant effect on the company's operations:

		Effective for periods beginning on or after
IAS 1	Presentation of Financial Statements - Amendments	Jan-01 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)"	Jan-01 2023
IAS 12	Income Taxes [Amendments]	Jan-01 2023
IFRS 4	Insurance Contracts (Amendments)	Jan-01 2023
IAS 7	Statement of Cash Flow (Amendments)	Jan-01 2023
IFRS 7	Financial Instruments	Jan-01 2023

The above standards, amendments and interpretations are either not relevant to the company's opertaions or are not expected to have significant impact on the Company's financial statements except for the increased disclosures in certain cases.

There are certain other new and amended standards, interpretations and amendnents that are mandatory for the company's accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

3. USE OF ESTIMATES AND JUDGMENT

The preparation of financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and 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 revision and future periods if the revision affects both current and future periods. During the year below change in accounting estimate is made:

The areas involving higher degree of judgement or complexity are as follows:

i. Provision for expected credit losses on accounts receivable / contract assets.
ii. Provision for taxation
iii. Useful life and recoverable amounts of depreciable assets
iv. Useful life of intangible assets
v. Contingencies
vi. Leases
vii. Revenue recognition
viii.Long term investment in associate
ix. Fair value of employee share options

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented except otherwise stated.

4.1 Property, plant and equipment

(i) Owned assets

Property, plant and equipment except for free hold land are stated at cost less accumulated depreciation and any impairment losses. Free hold land is stated at cost less any identified impairment loss.

Depreciation is charged by applying straight line method to write off the cost over the remaining useful life of the assets. Rates of depreciation are stated in note 5.1.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases when the asset is derecognized. Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major repairs and improvements are capitalized.

The carrying amount of property and equipment is removed from the statement of financial position upon scrapping or disposal or when no future economic benefit is expected from its use, scrapping or disposal.

Gain or loss on scrapping or disposal of assets, if any, is charged to statement of profit or loss. Profit or loss on disposal of assets is the difference between the sale proceeds and the carrying amount of the asset disposed off.

(ii) Right of use assets

'The company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated over the shorter of its estimated useful life and the lease term. Right-of-use assets are amortized over the useful life of the assets using straight line method at the rates given in note 5.4. Amortization on additions is charged for the month in which an asset is acquired under the finance lease while no amortization is charged for the month in which the asset is disposed off. Right-of-use assets are also subject to impairment.

(iii) Capital work in progress

Capital work in progress is stated at cost less any identified impairment losses. It represents expenditure incurred on property, plant and equipment during construction and installation. Cost also includes applicable borrowing costs under IAS 23. These expenditures are transferred to relevant assets' category as and when assets are available for use.

Notes to the Financial Statements

For the year ended June 30, 2023

4.2 Intangible assets

Research and software products development

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, it is probable that future economic benefits will flow to the Company, the Company has an intention and ability to complete and use or sell the software and cost can be measured reliably.

There are two components of intangible assets:

a. In-house developed intangible assets
b. Intangible assets acquired from market

(a) In-house developed intangible assets

The Company may capitalize certain computer software development costs in accordance with IAS 38 Intangible Assets. Costs incurred internally to create a computer software product or to develop an enhancement to an existing product are charged to expense when incurred as research and development expense until technological feasibility for the respective product is established. Thereafter, all software development costs may be capitalized and reported at the lower of unamortized cost or recoverable amount. Capitalization will cease when the product or enhancement is available for general release to customers.

Amortization is charged on straight line basis over the useful life of the intangible assets. All intangible assets with an indefinite useful life are tested for impairment at each statement of financial position date. Rates of amortization are stated in note 6.

(b) Intangible assets acquired from market

Intangible assets acquired from market are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other expenses are charged to statement of profit or loss when they occur.

Amortization is charged by applying straight line method to write off the cost over the remaining useful life of the intangible assets unless such lives are indefinite. All intangible assets with an indefinite useful life are tested for impairment at each statement of financial position date. Amortization on additions to acquired intangible assets is charged for the month in which an asset is acquired while no amortization is charged for the month in which the asset is disposed off. Rates of amortization are stated in note 6.

4.3 Impairment of non financial asset

The Company continually assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit or loss for the year. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

4.4 Foreign currency translation and transaction

Transactions denominated in foreign currencies are translated in Pak Rupees at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates prevailing at the statement of financial position date. Non-monetary assets and liabilities measured at historical cost are translated at the exchange rate prevailing at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the exchange rate prevailing at the date when fair values were determined. All exchange differences are charged to statement of profit or loss.

4.5 Staff benefits

(i) Retirement benefits

The Company operates a defined contributory provident fund for its permanent employees. Contributions are made equally by the company and the employee at 8% of basic salary in the provident fund on monthly basis. Company's contribution is recognized as a cost in the statement of profit or loss. The fund is administrated by the Trustees.

(ii) Short-term benefits

Short-term benefits to employees are calculated without discounting and are recognized as cost when related services are received.

(iii) Employees' share option scheme

The company operates an equity settled share based Employee' Share Option Scheme ("Scheme"). The fair value of options granted is determined at the grant date and is recognized as employee compensation expense on a straight line basis over the vesting period in P&L with corresponding credit to equity as employee compensation reserve. Fair value of options is arrived at using black Scholes pricing model.

When the options are exercised, the proceeds received equivalent to the face value of related shares is credited to share capital and any amount above the share capital is credited to share premium account.

4.6 Taxation

Provision for current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for tax on income is calculated at the current rates of taxation as applicable after taking into account tax credit and tax rebates available, if any. Income tax expense is recognized in statement of profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Charge for tax expense also includes adjustments where necessary, relating to prior years which arise from assessments finalized during the current year.

Deferred tax is accounted for using the statement of financial position method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income in which case it is included in other comprehensive income.

Notes to the Financial Statements

For the year ended June 30, 2023

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

4.7 Creditors, accruals, provisions & contingencies

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for the goods and / or services received, whether or not billed to the Company.

Liabilities for creditors and other amounts payable in foreign currency are revalued by applying the exchange rate applicable on statement of financial position date.

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events and, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

4.8 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at current or saving accounts held with banks, fixed deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include facilities of running finance that form an integral part of the Company's cash management.

4.9 Revenue recognition

The Company follows IFRS 15 for the recognition of revenue for all its revenue streams. The Company determines revenue recognition using the following step wise approach:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, a performance obligation is satisfied

The Company records the amount of revenue and related costs by considering whether it is a principal (gross presentation) or an agent (net presentation) by evaluating the nature of its promise to the customer. The company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Revenue is presented net of sales, value-added and other taxes collected from customers and remitted to government authorities.

The Company has two primary revenue streams: core revenue or non-core revenue.

Core revenue:

The Company generates its core revenue from the export of (1) software licenses, (2) services, which include implementation, customization and other consulting services, and (3) subscription and support, which includes subscription and post contract support, of its enterprise software solutions for the lease and finance industry. The Company offers its software using both traditional on-premises licensing model and Software as a Service (SaaS) model. The on-premises model involves the sale or license of software on a perpetual basis to customers who take possession of the software and install and maintain the software on their own hardware.

Non-core revenue:

The Company generates its non-core revenue by providing business process outsourcing ("BPO") services and other services (including support services to its local customers)

Performance obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied by transferring the promised good or service to the customer. The Company identifies the performance obligations at contract inception so that the Company can monitor and account for the performance obligations over the life of the contract.

The Company's contract which contain multiple performance obligations generally consists of the initial sale of licenses and a professional services engagement. Contract generally have multiple performance obligations as customers purchase maintenance support and services in addition to the licenses. The Company's single performance obligation arrangements are typically maintenance renewals, and professional services engagements.

For contracts with multiple performance obligations where the contracted price differs from the standalone selling price ("SSP") for any distinct good or service, the Company may be required to allocate the contract's transaction price to each performance obligation using its best estimate for the SSP.

Information about company's performance obligations are summarized below:

a) **Software licenses:**

Performance obligation is satisfied and revenue from software licenses is recognized at the point in time when transfer of control for software is occurred either upon physical delivery of license through CD, USB or electronically using FTP or delivery of the license key by other electronic methods which provides immediate availability of the product to the customer. The Company's typical payment terms tend to vary by region, but its standard payment terms are within 30-120 days of invoice.

b) **Subscription and support:**

Subscription revenue is recognized ratably over the initial subscription period committed to by the customer commencing when the product is made available to the customer. The initial subscription period is typically 12 to 60 months. The Company generally invoices its customers in advance in quarterly or annual installments and typical payment terms provide that customers make payment within 30 days of invoice. Performance obligation against support revenue is recognized ratably over the term of the support period, which in most instances is one year. Software license updates provide customers with rights to unspecified software product updates, maintenance releases and patches released during the term of the support period on a when-and-if available basis. The Company's customers purchase both product support and license updates when they acquire new software licenses. In addition, a majority of customers renew their support services contracts annually and typical payment terms provide that customers make payment within 30-120 days of invoice.

c) **Professional services:**

Performance obligation is satisfied and revenue from professional services is recognized over the time and typically comprised of implementation, development, customization, enhancements, data migration, training or other consulting services. Consulting services are generally sold on a time-and-materials or fixed fee basis and can include services ranging from software installation to data migration and building non-complex interfaces to allow the software to operate in integrated environments. The Company recognizes revenue from time-and-material arrangements as the services are performed. In fixed fee arrangements, revenue is recognized as services are performed as measured by efforts incurred to date, compared to total estimated efforts to complete the services project. Management applies judgment while estimating efforts to complete the services projects. A number of internal and external factors can affect these estimates, including utilization and efficiency variances and specification and testing requirement changes. Services are generally invoiced upon milestones as agreed in the contract and payments are typically due 30-120 days after invoice.

Notes to the Financial Statements

For the year ended June 30, 2023

d) **BPO services:**

Revenue from BPO services is recognized when earned. Company recognizes revenue on issuance of billing to the customer. Payment terms are 90 days after invoice.

Miscellaneous

Interest on bank deposits is recognized and received on a time proportion basis on the principal amount outstanding and at the rate applicable.

Rental income is recognized on time proportion basis. Payment terms are 30 days.

Dividend is recognized as income when the right of receipt is established. Payment terms are 15 working days after declaration of dividend.

Miscellaneous income is recognized on receipt basis.

Significant judgments

More judgments and estimates are required under IFRS 15 than were required under IAS 18 and other previous pronouncements. Due to the complexity of certain contracts, the actual revenue recognition treatment required under IFRS 15 for the Company's arrangements may be dependent on contract-specific terms and may vary in some instances.

Judgment is required to determine the stand alone selling price (SSP) for each distinct performance obligation. The Company rarely licenses or sells products on a stand-alone basis, so the Company is required to estimate the range of SSPs for each performance obligation. In instances where SSP is not directly observable because the Company does not sell the license, product or service separately, the Company determines the SSP using information that may include market conditions and other observable inputs. In making these judgments, the Company analyzes various factors, including its pricing methodology and consistency, size of the arrangement, length of term, customer demographics and overall market and economic conditions. Based on these results, the estimated SSP is set for each distinct product or service delivered to customers.

The most significant inputs involved in the Company's revenue recognition policies are: The (1) stand-alone selling prices of the Company's software license, and the (2) method of recognizing revenue for installation/customization, and other services.

The stand-alone selling price of the licenses was measured primarily through an analysis of pricing that management evaluated when quoting prices to customers. Although the Company has no history of selling its software separately from support and other services, the Company does have historical experience with amending contracts with customers to provide additional modules of its software or providing those modules at an optional price. This information guides the Company in assessing the stand-alone selling price of the Company's software, since the Company can observe instances where a customer had a particular component of the Company's software that was essentially priced separate from other goods and services that the Company delivered to that customer.

The Company recognized revenue from implementation and customization services using percentage of estimated "man-days" that the work requires. The Company believes the level of effort to complete the services is best measured by the amount of time (measured as an employee working for one day on implementation/customization work) that is required to complete the implementation or customization work. The Company continuously reviews its estimate of man-days required to complete implementation and customization services.

Revenue is recognized over time for the Company's subscription, support and fixed fee professional services that are separate performance obligations. For the Company's professional services, revenue is recognized over time, generally using man-days expended to measure progress. Judgement is required in estimating project status and efforts necessary to complete projects. A number of internal and external factors can affect these estimates, including man-day rates, utilization, specification variances and testing requirement changes.

If a group of agreements are entered at or near the same time and so closely related that they are, in effect, part of a single arrangement, such agreements are deemed to be combined as one arrangement for revenue recognition purposes. The Company exercises significant judgment to evaluate the relevant facts and circumstances in determining whether agreements should be accounted for separately or as a single arrangement. The Company's judgments about whether a group of contracts comprise a single arrangement can affect the allocation of consideration to the distinct performance obligations, which could have an effect on results of operations for the periods involved.

If a contract includes variable consideration, the Company exercises judgment in estimating the amount of consideration to which the entity will be entitled in exchange for transferring the promised goods or services to a customer. When estimating variable consideration, the Company will consider all relevant facts and circumstances. Variable consideration will be estimated and included in the contract price only when it is probable that a significant reversal in the amount of revenue recognized will not occur.

Practical expedients and exemptions

There are several practical expedients and exemptions allowed under IFRS 15 that impact timing of revenue recognition and the Company's disclosures. Below is a list of practical expedients the Company applied in the adoption and application of IFRS 15:

a) The Company does not evaluate a contract for a significant financing component if payment is expected within one year or less from the transfer of the promised items to the customer.

b) The Company generally expenses sales commissions and sales agent fees when incurred when the amortization period would have been one year or less. These costs are recorded within sales and marketing expense in the statement of profit or loss.

c) The Company does not disclose the value of unsatisfied performance obligations for contracts that have an original expected duration of one year or less.

d) The Group does not disclose the value of unsatisfied performance obligations for contracts for which the Group recognizes revenue at the amount to which it has the right to invoice for services performed (applies to time-and-material engagements).

Costs to obtain a contract

The Company does not have a material amount of costs to obtain a contract capitalized at any statement of financial position date. In general, we incur few direct incremental costs of obtaining new customer contracts. We rarely incur incremental costs to review or otherwise enter into contractual arrangements with customers. In addition, our sales personnel receive fees that we refer to as commissions, but that are based on more than simply signing up new customers. Our sales personnel are required to perform additional duties beyond signing of new deals, including account management of customers and cash collection efforts.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company has satisfied the performance obligation, either in full or partially, by transferring goods or services to a customer before the invoice is issued or payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables

A receivable represents the company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 4.12 (i) Financial instruments – initial recognition and measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration from the customer in advance or an amount of consideration is due. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognized when the amount is received or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the company performs under the contract.

Notes to the Financial Statements

For the year ended June 30, 2023

4.10 Borrowing costs

Borrowing costs directly attributable to the construction / acquisition of qualifying assets are capitalized up to the date, including the period when technical and administrative work is carried on; the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the statement of profit or loss currently. Qualifying assets are assets that necessarily take substantial period of time to get ready for their intended use.

4.11 Off-setting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amount and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

4.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them.

Company initially measures a financial asset at its fair value plus transaction cost. In the case of a financial asset not at fair value through profit or loss at its fair value.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the company's statement of financial position) when rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Impairment

The company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the unconsolidated statement of profit or loss when liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Other financial liabilities are also subsequently measured at amortized cost using the EIR method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as Derecognition of the original liability and recognition of a new liability. Difference in the respective carrying amounts is recognized in the statement of profit or loss.

4.13 Investments

a) Investment in subsidiary

Investment in subsidiary is initially recognized at cost. At subsequent reporting date, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment losses are recognized as expense in the statement of profit or loss. Where impairment loss is subsequently reversed, the carrying amounts of investment are increased to its revised recoverable amount, limited to the extent of initial cost of investment. Reversal of impairment losses are recognized in the statement of profit or loss.

b) Investment in associates

An associate is an entity over which the company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Company's investment in its associate is accounted for using the equity method.

Notes to the Financial Statements

For the year ended June 30, 2023

Under the equity method, investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Company's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the company's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the company recognizes its share of any changes, when applicable, in the statement of changes in equity.

The financial statements of the associate or joint venture are prepared for the same reporting period as the company, unless otherwise stated. When necessary, adjustments are made to bring the accounting policies in line with those of the group.

The company periodically determines whether it is necessary to recognize any impairment loss on its investment in its associate or not. The company determines on annual basis whether there is any objective evidence that the investment in associate is impaired. If there is such evidence, the company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within 'Share of profit or loss of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Significant judgements:

The company has made significant judgements in determining significant influence over the associated company. Company has considered below factors in determining significant influence:

i) Ownership interest in associate.

ii) Representation on the board of directors of the associate.

iii) Participation by company in policy-making processes, including participation in decisions about dividends or other distributions of associate.

iv) Material transactions between the company and its associate.

v) Provision of essential technical information.

Based on its agreements with the associate, the Company had previously concluded that even though its ownership interest in associate is less than 20% but because of significant influence, it was considered as an associate. However, now due to change in circumstances and impairment of the company in which investment was made and also due to change in the management & board structure of the company, that significant influence is lost and hence the investment is recorded on its FV as per IFRS requirement.

4.14 Lease liabilities

At the commencement date of the lease, the company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

4.15 Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

4.16 Significant judgement in determining the lease term of contracts with renewal & termination options

The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or to terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal & termination. After the commencement date, the company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

4.17 Deferred grant

Deferred grant is recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income and presented as deduction from the related expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.
When the company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

4.18 Advances and deposits

These are recognized at nominal amount which is fair value of considerations to be received in future.

4.19 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved. However, if they are approved after the reporting period but before the financial statements are authorized for issue they are disclosed in the notes to financial statements.

4.20 Related party transactions

The Company enters into transactions with related parties at an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

4.21 Fair value

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transaction; reference to the current market value of another instrument, which has substantially similar characteristics, discounted cash flow analysis or other valuation models.

4.22 Earnings per share

The Company presents both basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary share holders of the company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	NOTE	2023	2022
		Rupees	
5. PROPERTY PLANT & EQUIPMENT			
Net book value of owned assets	5.1	1,505,828,661	1,576,395,582
Net book value of right of use assets	5.4	8,380,303	32,738,991
Advances against capital expenditure	5.6	-	4,080,000
		1,514,208,964	1,613,214,573

5.1 Following is the statement of owned assets

Particulars	2023								
	COST			DEPRECIATION					Net book value as at Jun 30, 2023
	As at Jul 01, 2022	Additions / (Deletions)	As at Jun 30, 2023	Rate %	As at Jul 01, 2022	Adjustment during the year	Charge for the year	As at Jun 30, 2023	
	Rupees								
Tangible Assets									
Land - freehold	254,228,577	-	254,228,577	-	-	-	-	-	254,228,577
Building on freehold land	952,560,735	-	952,560,735	5	369,964,648	-	32,366,449	402,331,097	550,229,638
Furniture & fixture	71,654,539	3,550,130	74,578,017	10	47,815,547	-	7,913,264	55,236,201	19,341,816
		(626,652)				(492,610)			
Vehicles	467,253,370	138,033,555	504,132,504	20	181,777,075	27,599,653	80,384,133	246,057,502	258,075,002
		(101,154,421)				(43,703,359)			
Office equipment	77,783,192	13,684,440	91,306,632	10	47,466,528	-	7,935,947	55,274,728	36,031,904
		(161,000)				(127,747)			
Computers	1,225,903,292	142,798,498	824,105,593	20 to 33	928,979,811	-	188,018,011	603,363,568	220,742,025
		(544,596,197)				(513,634,254)			
Air conditioners	68,583,458	3,283,900	71,668,358	10	42,437,087		8,343,973	50,588,644	21,079,714
		(199,000)				(192,416)			
Electric fittings	49,371,061	-	49,371,061	10	32,417,911	-	5,651,050	38,068,961	11,302,100
Generator	54,902,320	3,288,840	58,191,160	10	42,397,782	-	5,886,566	48,284,348	9,906,812
Intangible Assets									
Computer software	69,369,133	130,285,560	199,654,693	33	21,957,706	-	52,805,914	74,763,620	124,891,073
	3,291,609,677	434,924,923 (646,737,270)	3,079,797,330		1,715,214,095	27,599,653 (558,150,386)	389,305,307	1,573,968,669	1,505,828,661

The detail for the assets disposed off during the year is given in note 5.3

<table>
<tr><td rowspan="3">Particu-lars</td><td colspan="10">2022</td></tr>
<tr><td colspan="3">COST</td><td colspan="5">DEPRECIATION</td><td rowspan="2">Net book value as at Jun 30, 2022</td></tr>
<tr><td>As at Jul 01, 2021</td><td>Additions / (Deletions)</td><td>As at Jun 30, 2022</td><td>Rate %</td><td>As at Jul 01, 2021</td><td>Adjustment during the year</td><td>Charge for the year</td><td>As at Jun 30, 2022</td></tr>
<tr><td></td><td colspan="10">Rupees</td></tr>
<tr><td>Tangible Assets</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Land - freehold</td><td>254,228,577</td><td>-</td><td>254,228,577</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>254,228,577</td></tr>
<tr><td>Building on freehold land</td><td>952,560,735</td><td>-</td><td>952,560,735</td><td>5</td><td>337,598,199</td><td>-</td><td>32,366,449</td><td>369,964,648</td><td>582,596,087</td></tr>
<tr><td>Furniture & fixture</td><td>72,185,182</td><td>1,850,929</td><td>71,654,539</td><td>10</td><td>41,424,785</td><td>-</td><td>8,241,759</td><td>47,815,547</td><td>23,838,992</td></tr>
<tr><td></td><td></td><td>(2,381,572)</td><td></td><td></td><td></td><td>(1,850,997)</td><td></td><td></td><td></td></tr>
<tr><td>Vehicles</td><td>237,136,059</td><td>243,862,276</td><td>467,253,370</td><td>20</td><td>94,461,269</td><td>47,794,312</td><td>48,867,401</td><td>181,777,075</td><td>285,476,295</td></tr>
<tr><td></td><td></td><td>(13,744,965)</td><td></td><td></td><td></td><td>(9,345,907)</td><td></td><td></td><td></td></tr>
<tr><td>Office equipment</td><td>75,842,654</td><td>1,940,538</td><td>77,783,192</td><td>10</td><td>39,793,530</td><td>-</td><td>7,672,998</td><td>47,466,528</td><td>30,316,664</td></tr>
<tr><td></td><td></td><td>-</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Computers</td><td>1,703,110,365</td><td>149,228,540</td><td>1,225,903,292</td><td>20 to 33</td><td>1,384,382,103</td><td>4,498,581</td><td>133,718,394</td><td>928,979,811</td><td>296,923,481</td></tr>
<tr><td></td><td></td><td>(626,435,613)</td><td></td><td></td><td></td><td>(593,619,267)</td><td></td><td></td><td></td></tr>
<tr><td>Air conditioners</td><td>66,165,397</td><td>2,418,061</td><td>68,583,458</td><td>10</td><td>34,156,312</td><td>-</td><td>8,280,775</td><td>42,437,087</td><td>26,146,371</td></tr>
<tr><td>Electric fittings</td><td>49,371,061</td><td>-</td><td>49,371,061</td><td>10</td><td>26,766,861</td><td>-</td><td>5,651,050</td><td>32,417,911</td><td>16,953,150</td></tr>
<tr><td>Generator</td><td>52,812,320</td><td>2,090,000</td><td>54,902,320</td><td>10</td><td>36,267,661</td><td>-</td><td>6,130,121</td><td>42,397,782</td><td>12,504,538</td></tr>
<tr><td>Intangible Assets</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Computer software</td><td>337,425,106</td><td>33,289,895</td><td>69,369,133</td><td>33</td><td>290,023,119</td><td>-</td><td>24,932,695</td><td>21,957,706</td><td>47,411,427</td></tr>
<tr><td></td><td></td><td>(301,345,868)</td><td></td><td></td><td></td><td>(292,998,108)</td><td></td><td></td><td></td></tr>
<tr><td></td><td>3,800,837,456</td><td>434,680,239</td><td>3,291,609,677</td><td></td><td>2,284,873,839</td><td>52,292,893</td><td>275,861,642</td><td>1,715,214,095</td><td>1,576,395,582</td></tr>
<tr><td></td><td></td><td>(943,908,018)</td><td></td><td></td><td></td><td>(897,814,279)</td><td></td><td></td><td></td></tr>
</table>

	NOTE	2023	2022
		Rupees	
5.2 Depreciation is allocated in the following manner			
Cost of revenue	28	**296,159,128**	206,880,455
Administrative expenses	30	**73,680,914**	55,188,105
Selling and promotion expenses	29	**19,465,264**	13,793,082
		389,305,307	275,861,642

Notes to the Financial Statements

For the year ended June 30, 2023

5.3 Particulars of fixed assets disposed off during the year exceeding book value of Rs. 5 million in aggregate and 0.5 million individually are as follows:

2023						
Particulars	Cost	Net Book Value	Sales Proceeds	Gain/(Loss)	Mode of Disposal	Particulars of Purchaser
	Rupees					
Computer	422,190,004	30,558,609	2,485,000	(28,073,609)	Open Market	Outstart Tech
Vehicle	3,154,335	1,180,464	2,400,000	1,219,536	Company Policy	Shahid Iqbal Qureshi
Vehicle	34,208,000	29,646,933	35,000,000	5,353,067	Open Market	Muhammad Shehryar
Vehicle	32,637,723	11,314,410	15,000,000	3,685,590	Open Market	Maria Faisal
Vehicle	3,964,913	789,458	3,000,000	2,210,542	Open Market	Muaaz Anwar
Vehicle	7,600,000	1,260,749	7,500,000	6,239,251	Open Market	Hafiz Sajjad Motors
Vehicle	6,786,970	2,238,330	4,750,000	2,511,670	Company Policy	Adil Farooq
Vehicle	10,882,480	10,882,480	11,086,980	204,500	Open Market	Tahira

2022						
Particulars	Cost	Net Book Value	Sales Proceeds	Gain/(Loss)	Mode of Disposal	Particulars of Purchaser
	Rupees					
Vehicle	2,825,410	1,085,636	1,668,000	582,364	Company Policy	Wajih Ur Rehman (Employee)
Vehicle	2,725,460	858,709	2,400,000	1,541,291	Company Policy	Kamran Khalid (Employee)
Vehicle	5,389,585	1,486,760	5,100,000	3,613,240	Company Policy	Ayub Rehmat (Employee)
Vehicle	2,727,510	890,953	1,500,000	609,047	Company Policy	Majid Bashir (Employee)

5.4 Following is statement of right of use assets

	2023								
	COST			DEPRECIATION					
Particulars	As at Jul 01, 2022	Additions / (Deletions)	As at Jun 30, 2023	Rate %	As at Jul 01, 2022	Adjustment during the year	Charge for the period	As at Jun 30, 2023	Net book value as at Jun 30, 2023
	Rupees								
Vehicles	62,651,339	- (49,285,094)	13,366,245	20	29,912,346	- (27,599,653)	2,673,249	4,985,942	8,380,303
	62,651,339	- (49,285,094)	13,366,245		29,912,346	- (27,599,653)	2,673,249	4,985,942	8,380,303

	2022								
	COST			DEPRECIATION					Net book value as at Jun 30, 2022
Particulars	As at Jul 01, 2021	Additions / (Deletions)	As at Jun 30, 2022	Rate %	As at Jul 01, 2021	Adjustment during the year	Charge for the year	As at Jun 30, 2022	
	Rupees								
Vehicles	143,733,762	9,093,645 (90,176,068)	62,651,339	20	65,147,018	- (47,794,312)	12,559,640	29,912,346	32,738,993
Computers	6,307,576	- (6,307,576)	-	20-33	4,419,931	- (4,498,580)	78,651	2	(2)
	150,041,338	9,093,645 (96,483,644)	62,651,339		69,566,949	- (52,292,892)	12,638,291	29,912,348	32,738,991

	NOTE	2023	2022
		Rupees	
5.5 Depreciation is allocated in the following manner			
Cost of revenue	28	**2,004,937**	9,478,718
Administrative expenses	30	**534,650**	2,527,658
Selling and promotion expenses	29	**133,662**	631,915
		2,673,249	12,638,291

5.6 Advance against capital expenditure represent advances paid for purchase of fixed assets but delivery of assets are not made to the company till June 30 (2022: Rs 4.08 million)

5.7 Particulars of immovable assets of the company are as follows:

Location	Address	Land Area (Sq Ft)	Covered Area (Sq Ft)
Lahore	NetSol IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt.	149,738	140,631
Lahore	House No. 4, Cricketers Colony, NetSol IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt.	1,750	2,430
Lahore	House No. 5, Cricketers Colony, NetSol IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt.	1,750	2,430
Lahore	House No. 6, Cricketers Colony, NetSol IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt.	1,750	2,430
Lahore	House No. 56-A, Cricketers Colony, NetSol IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt.	1,575	2,095
Karachi	43/1/Q, Amrie Villa 1, Block-6, PECHS Housing Society Karachi	4,500	13,500

6. INTANGIBLE ASSETS

	2023							
	COST			AMORTIZATION				Net book value as at Jun 30, 2023
Particulars	As at Jul 01, 2022	Additions / (Deletions)	As at Jun 30, 2023	Rate %	As at Jul 01, 2022	Charge for the year	As at Jun 30, 2023	
	Rupees							
In-house Developed Software								
NFS - Ascent	2,935,037,353	-	2,935,037,353	10	2,601,147,666	293,503,740	2,894,651,406	40,385,947
	2,935,037,353	-	2,935,037,353		2,601,147,666	293,503,740	2,894,651,406	40,385,947

Notes to the Financial Statements

For the year ended June 30, 2023

Particulars	2022							
	COST			AMORTIZATION				Net book value as at Jun 30, 2022
	As at Jul 01, 2021	Additions / (Deletions)	As at Jun 30, 2022	Rate %	As at Jul 01, 2021	Charge for the period	As at Jun 30, 2022	
	Rupees							
In-house Developed Software								
NFS - Ascent	2,935,037,353	-	2,307,643,926	10	2,307,643,926	293,503,740	2,601,147,666	333,889,687
	2,935,037,353	-	2,307,643,926		2,307,643,926	293,503,740	2,601,147,666	333,889,687

	NOTE	2023	2022
		Rupees	
6.1 Amortization is allocated in the following manner			
Cost of revenue	28	293,503,740	293,503,740

6.2 Remaining amortization period for NFS - Ascent is approximately 2 months.

6.3 NetSol Financial Suite has been fully amortized but the company is still generating revenues from its sale.

7. LONG TERM INVESTMENTS

	NOTE	2023	2022
Investment in subsidiary - at cost			
NetSol Innovation (Pvt.) Limited (Unquoted wholly owned subsidiary company)	7.1	30,062,650	30,062,650
NetSol Ascent Middle East Computer Equipment Trading L.L.C.	7.2	-	-
		30,062,650	30,062,650
Subscription money payable	7.4	22,218,000	
		52,280,650	30,062,650

7.1 The subsidiary is incorporated in Pakistan. The principal place of business of subsidiary is situated at NetSol IT Village, (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan The Company holds 3,006,305 (2022 : 3,006,305) fully paid ordinary shares of Rs. 10/- each i.e. 100% of Equity held (2022 : 100%) .

7.2 This represents 300 ordinary shares of AED 1,000/- each, representing 100% (2022: Nil) shares in the wholly owned subsidiary NetSol Ascent Middle East Computer Equipment Trading L.L.C. The subsidiary is incorporated during the period in Dubai Emirates. Main object of the company is to provide services related to computer systems and communication equipment and software. Principal place of business of the subsidiary is situated in Dubai. As of reporting date, no capital investment has been made in that entity. However there are some transactions incurred under normal course of business which are disclosed in note 14.

7.3 Investment in foreign company

This represents investment in WRLD3D Inc., a US based entity having its principal place of business at 800 W. El Camino Real, Suite 320, Mountain View, California 94040 and engaged in gaming and 3D mapping business. DCD Holdings Limited Carlton Services Ltd, second floor, The Quadrant, Manglier Street, PO Box 1312, Victoria, Mahe, Seychelles is the beneficial owner of the company. The Company owns 4,092,189 preference BB shares of WRLD3D Inc. (12.2% ownership interest) originally valued at $2.77 million.

As a result of the loss of significant influence of the WRLD3D during the period, the company has discontinued the use of the equity method and recorded the investment as a financial asset under IFRS- 9. Upon discontinuation of the use of the equity method, as per requirement of IAS-28, the company has reclassified the foreign currency translation reserve of Rs. 33.69 million as mentioned in Note 18 and charged to profit or loss account.

7.4 This represents subscription money payable in respect of wholly owned subsidiary, NetSol Ascent Middle East Computer Equipment Trading L.L.C.

	NOTE	2023	2022
8. LONG TERM LOANS TO EMPLOYEES		**Rupees**	
Loan to executives		10,961,056	14,845,304
Less: current maturity		(6,569,366)	(6,954,767)
		4,391,690	7,890,537

8.1. These are carried at cost as the effect of carrying these balances at amortized cost would not be material in the overal context of these financial statements.

9. TRADE DEBTS

	NOTE	2023	2022
Considered good - unsecured	9.2	5,639,020,972	2,500,048,433
Considered doubtful - unsecured		356,270,033	190,781,923
		5,995,291,005	2,690,830,356
Less: Provision against expected credit losses	9.3	(356,270,033)	(190,781,923)
		5,639,020,972	2,500,048,433

9.1 Amount receivable from related parties included in trade debts (from export sales) are as under:

	2023	2022
NetSol Technologies (Thailand) Limited	277,821,116	77,578,270
NetSol Technologies (Beijing) Company Limited	1,925,047,916	1,231,368,353
NetSol Technologies Australia Pty. Limited	724,626,625	224,470,600
NetSol Technologies Americas Inc.	403,160,531	315,912,508
NetSol Technologies Europe Limited	14,318,265	-
Ascent Europe Limited	120,893,334	37,438,828
OTOZ Thailand Limited	75,788,552	84,520,944
	3,541,656,339	1,971,289,503
Less: Provision for expected credit losses	(356,270,033)	(187,446,000)
	3,185,386,306	1,783,843,503

9.2 It represents amount receivable from customers. It is unsecured but considered good by the management.

9.3 This is a provision created for any future credit losses.

9.4 Movement in provision for expected credit losses is given below:

	2023	2022
Balance as at July 1	190,781,923	329,874,283
Provision made during the year	165,488,110	97,402,753
Write off during the year	-	(236,495,113)
Balance as at June 30	356,270,033	190,781,923

9.5 Aging of trade debts at June 30 is as follows:

	2023		2022	
	Rupees		Rupees	
	Gross	Impaired	Gross	Impaired
Not past due	2,394,016,570	-	491,019,809	-
Past due 1-180 days	1,690,881,363	-	947,553,937	-
Past due 181 days -1 year	1,407,859,139	-	429,777,521	-
More than one year	502,533,933	-	822,479,089	-
Total	5,995,291,005	-	2,690,830,356	-

9.6 Aging of trade debts due from related parties at June 30 is as follows:

	2023 Rupees		2022 Rupees	
	Gross	Impaired	Gross	Impaired
Not past due	224,675,722	-	310,550,672	-
Past due 1-180 days	1,409,070,446	-	549,127,432	-
Past due 181 days -1 year	1,405,376,238	-	362,716,310	-
More than one year	502,533,933	-	748,895,089	-
Total	3,541,656,339	-	1,971,289,503	-

9.7 Maximum aggregate amount outstanding from related party- trade debts at the end of any month during the year was Rs. 3,837.05 million (2022 : Rs. 1,971.29 million).

10. CONTRACT ASSETS

It represents unbilled debtors arising due to recognition of revenue as per IFRS 15 "Revenue from contracts with customers".

	NOTE	2023 Rupees	2022 Rupees
Considered good - unsecured		1,968,963,315	1,756,374,220
Considered doubtful - unsecured	10.1	30,183,474	28,097,404
		1,999,146,789	1,784,471,624
Less: Provision for expected credit losses	10.1	(30,183,474)	(28,097,404)
		1,968,963,315	1,756,374,220
10.1 Movement in provision for future doubtful contract assets is given below:			
Balance as at July 1		28,097,404	21,627,612
Provision made during the year		2,086,070	6,469,792
Balance as at June 30		30,183,474	28,097,404

10.2 There is a net increase of Rs. 192 million in contract assets as compared to last fiscal year (2022: increase of Rs. 593 million). Explanation of significant changes are as follows:

	2023	2022
Opening balance-contract assets	1,756,374,220	1,163,155,388
Add: Revenue recognized	5,810,924,375	4,696,408,568
Less: Invoices raised	(6,093,943,074)	(4,364,266,207)
Forex gain / (loss)	497,693,864	267,546,263
Provision for expected credit losses	(2,086,070)	(6,469,792)
Closing balance-contract assets	1,968,963,315	1,756,374,220

11. LOANS AND ADVANCES

	NOTE	2023	2022
Current maturity of loans to executives	8	6,569,366	6,954,767
Advances			
- against expenses	11.1	58,279,899	25,344,179
		64,849,265	32,298,946

Notes to the Financial Statements

For the year ended June 30, 2023

11.1 The advances against expenses are given to meet business expenses and are settled as and when the expenses are incurred.

	NOTE	2023	2022
		Rupees	
12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		4,877,628	3,117,669
Prepayments		121,071,306	50,481,555
		125,948,934	53,599,224
13. OTHER RECEIVABLES			
Guarantee margin		2,344,000	7,746,580
Other receivable - considered good		23,766,091	6,064,674
		26,110,091	13,811,254
14. DUE FROM RELATED PARTIES			
Considered good - unsecured			
Parent			
NetSol Technologies Inc.		150,793,593	186,322,888
Associates			
NetSol Technologies Americas Inc.		91,181,798	26,408,466
NetSol Connect (Pvt.) Ltd		15,744,976	22,724,989
NetSol Technologies (Thailand) Limited		-	121,403,405
NetSol Technologies Beijing Ltd.		166,958,203	64,175,526
OTOZ Thailand Ltd		41,778,109	29,966,767
Wholly owned Subsidiaries			
NetSol Innovation (Pvt.) Ltd	14.2	260,293,228	22,964,265
		726,749,907	473,966,306

14.1 These relate to normal course of business of the company and are interest free.

14.2 These relate to normal course of business of the company and the interest at a rate of 6 months KIBOR is charged on the outstanding balance at the end of each month.

14.3 Maximum aggregate amount outstanding from related parties at any month-end during the year was Rs. 731.62 million (2022 : Rs. 475.3 million).

14.4 Aging of due from related parties at June 30 is as follows:

	2023		2022	
	Rupees		Rupees	
	Gross	Impaired	Gross	Impaired
Not past due	218,877,853	-	58,436,617	-
Past due 1-180 days	196,425,648	-	93,974,401	-
Past due 181 days -1 year	128,669,998		41,337,836	
More than one year	182,776,408	-	280,217,452	-
Total	726,749,907	-	473,966,306	-

	NOTE	2023	2022
		Rupees	
15. TAXATION - NET			
Tax receivable as at 1 July		929,968	16,676,000
Tax payments		72,698,377	54,534,968
Provision for taxation		(67,366,728)	(70,281,000)
		6,261,617	929,968
16. CASH AND BANK BALANCES			
With banks			
Saving accounts-Local currency	16.1	2,052,657,516	3,125,989,230
Saving accounts- Foreign currency		189,868,958	382,308,048
Current accounts-Local currency		132,219	165,411
Current accounts-Foreign currency		377,731,084	262,315,598
		2,620,389,777	3,770,778,287
In hand		10,781,151	14,934,649
		2,631,170,928	3,785,712,936

16.1 The balances in savings accounts bear mark up at 6.50% to 19.55% per annum. (2022 : 5.50% to 14.38% per annum). Balances in saving accounts include Rs. 1,247.83 million maintained in Shariah compliant bank accounts (2022: Rs.1,954.56 million).

16.2 Balances in current accounts include Rs. 325.41 million maintained in Shariah compliant banks (2022: Rs. 0.11 million).

17. SHARE CAPITAL

17.1 Authorized share capital

2023	2022		2023	2022
Number of shares			Rupees	
200,000,000	150,000,000	Ordinary Shares of Rs. 10 each.	2,000,000,000	1,500,000,000

17.2 Issued, subscribed & paid-up capital

2023	2022		2023	2022
Number of shares			Rupees	
42,686,191	42,686,191	Ordinary Shares of Rs. 10 each fully paid in cash	426,861,910	426,861,910
47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	471,507,322	471,507,322
89,836,923	89,836,923		898,369,232	898,369,232

17.3 Reconciliation of number of shares outstanding		Number of shares	
Number of shares outstanding as at July 1		89,836,923	89,836,923
Treasury shares of Rs. 10 each purchased at market value	17.9	(2,000,000)	(2,000,000)
Number of shares outstanding as at June 30		87,836,923	87,836,923

17.4 Owners of ordinary shares are entitled to distributions approved by the Company, and the shareholding entitles the owners to vote at the general meetings, with one vote per share. All shares have the same right to Company's remaining net assets.

17.5 There are 3 million outstanding options to subscribe for ordinary shares of the Company granted under the employee share option plan as disclosed in Note 18.1.1

17.6 NetSol Technologies Inc.16000 Ventura Boulevard STE 770 ENCINO CA 91436, USA is the parent company holding 67.62% (2022 : 67.62%) of issued capital of the Company.

17.7 TThe Company is not subject to any externally imposed capital requirements for the financial years 2023 and 2022.

17.8 During the year Nil shares (2022: NIL shares) were issued against options exercised.

17.9 The share capital includes 2,000,000 ordinary shares (2.23% of its outstanding ordinary shares) held as treasury shares by the company, which was bought back in FY22. These treasury shares are held in CDC blocked account in the freeze form. These are not entitled to any voting right, cash dividend or any other distribution made by the company. No sale or disposal of treasury shares has been made during the financial year.

18. RESERVES

	NOTE	2023	2022
Capital reserve		Rupees	
Premium on issue of ordinary shares	18.1	304,166,629	304,166,629
Employee share option compensation reserve	18.2	253,700,958	232,223,439
Foreign currency translation reserve		-	(33,686,884)
Treasury share reserve	18.3	(184,738,875)	(184,738,875)
Revenue reserve			
Un - appropriated profit		7,895,923,724	6,610,689,569
		8,269,052,436	6,928,653,878

18.1 This reserve shall be utilized only for the purpose as specified in section 81(2) of the Companies Act, 2017.

18.2 Employee share option compensation reserve

	2023	2022
Balance as at the beginning of the year	232,223,439	224,670,369
Compensation expense booked during the year	21,477,519	7,553,070
Balance at the end of the year	253,700,958	232,223,439

18.2.1 Employee stock option scheme

As per the approved employee stock option scheme, the board and the compensation committee granted three million stock options to its employees on December 27, 2021 at a grant price of Rs. 77.84 per option. No amount is paid or payable by any employee on receipt of the option. No option carries the right to vote or dividend. According to the scheme, 50% of the options will become exercisable after completion of 12 months from date of grant, another 30% of the granted option after completion of 24 months from the grant date and the remaining 20% of the granted option will become exercisable after completion of 36 months from the date of grant. The options are exercisable within a period of 10 years with un-exercised options to lapse on December 27, 2031.

The Company uses Black Scholes pricing model to determine the fair value of options at the grant date. Fair value was calculated using the following assumptions. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome:

Total number of options granted	3,000,000
Per option fair value at the grant date	Rs. 14.82
Average 30 days per share price preceding the date of grant	Rs. 96.79
Exercise price per option	Rs. 77.84
Annual rate of quarterly dividends	13.50%
Discount rate - bond equivalent yield	11.80%
Annual volatility	55.08%

	2023		2022	
	Number of Options	Weighted avg. exercise price	Number of Options	Weighted avg. exercise price
Options outstanding at the beginning of the year	3,000,000	-	-	-
Options granted during the year	-	-	3,000,000	77.84
Options outstanding at the end of the year	3,000,000		3,000,000	

18.3 This represents the cost of the treasury shares held by the company. As at 30 June 2023, the company held 2 million treasury shares (2022: 2 million)

	NOTE	2023	2022
		Rupees	
19. LONG TERM FINANCING - Secured			
Long term finance facility	19.1	-	86,175,461
Deferred grant	19.2	-	712,519
Loan obligations	19.3	92,194,774	127,140,038
		92,194,774	214,028,018
Less: Current portion shown under current liabilities:			
Current portion of long term finance facility		-	(86,175,461)
Current portion of deferred grant		-	(712,519)
Current portion of loan obligations		(42,568,156)	(38,859,395)
		(42,568,156)	(125,747,375)
		49,626,618	88,280,643

19.1 This represents the loan availed under SBP salary refinance scheme amounting Rs. 345 million in April 2020 and was repayable in two and half years till Dec 2022 (including six month grace period) (2022: Rs 345 million). This facility was obtained from Askari Bank Limited and carried 3% per annum mark up rate and was secured against the current and future fixed and current assets of the Company. The loan has been fully paid during the year.

19.2 Deferred grant

	2023	2022
Balance as at beginning of the year	712,519	10,249,185
Amortized to the statement of profit or loss	(712,519)	(9,536,666)
Balance as at end of the year	-	712,519

To support the economy during Covid-19 pandemic, the State Bank of Pakistan, including other steps, also introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing as disclosed in Note 19.1. The company also obtained the said facility from Askari Bank Limited at 3% mark up rate. This amount was repayable till Dec 2022. According to the requirements of IAS 20, the company has amortized Rs. 0.713 million (2022: Rs. 9.537 million) during the year.

19.3 This represents finance facilities obtained from time to time, from First Habib Modaraba & Askari Bank Limited, for purchase of various vehicles. The facility is repayable in 36 equal monthly installments. This facility carries mark up rate ranging between 16.12% to 23.23% (2022: 8.60 % to 16.43 %) per annum. These facilities are secured through lien marking in favour of financial institutions.

Notes to the Financial Statements

For the year ended June 30, 2023

	2023	2022
20. LEASE LIABILITIES - Secured	**Rupees**	
Present value of minimum lease payments	4,326,441	7,717,558
Less: Current portion of obligations shown under current liabilities	(3,355,884)	(3,466,890)
	970,557	4,250,668

Present value of minimum lease payments have been discounted at an implicit interest rate ranging between 13.20% to 23.23% (2022: 8.60 % to 16.43%) to arrive at their present value. The lessee has the option to purchase the assets after expiry of the lease term.

The amount of future payments of the lease and the year in which these payments will become due are as follows:

	2023		
	Rupees		
	Minimum Lease Payment	Future Finance Charges	Present Value of Lease Liability
Not later than one year	3,960,108	604,224	3,355,884
Later than one year but not later than five years	1,017,977	47,420	970,557
	4,978,085	651,644	4,326,441

	2022		
	Rupees		
	Minimum Lease Payment	Future Finance Charges	Present Value of Lease Liability
Not later than one year	4,334,362	867,472	3,466,890
Later than one year but not later than five years	4,625,000	374,332	4,250,668

20.1 Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2023	2022
	Rupees	
Opening Balance	7,717,558	17,913,308
Additions	-	8,736,000
Interest expense relating to lease liabilities	1,440,741	1,031,688
Payments	(4,831,858)	(19,963,438)
Closing Balances as at 30 Jun	4,326,441	7,717,558

20.2 **Amounts recognized in the statement of profit or loss**

Interest expense on lease liabilities	1,440,741	1,031,688
Total amount recognised in profit or loss	1,440,741	1,031,688

20.3 **Cash outflow for leases**

Total cash outflow for leases has been disclosed in the statement of cash flows under financing activities.

21. LONG TERM ADVANCES- Secured		
Long term advances	16,675,000	7,975,000
Less: Current portion	-	-
	16,675,000	7,975,000

21.1 These represent payments received from employees against provision of motor bikes and cars to them as per company policy and will be adjusted against the future sale of motor bikes and cars to them.

22. TRADE AND OTHER PAYABLES

	NOTE	2023	2022
		Rupees	
Creditors	22.1	26,621,969	77,231,730
Accrued liabilities		589,719,120	378,262,700
Interest accrued - secured		58,049,861	12,172,330
Due to related parties - unsecured	22.2	18,585,672	49,783,522
Withholding tax		53,527,534	31,606,666
Sales Tax Payable		7,355,438	3,863,047
Provident fund payable		56,878,964	47,119,725
Other payables		7,623,888	2,534,535
		818,362,446	602,574,255

22.1 Creditors include Rs. 1 million (2022: Rs. 1.10 million) payable to a related party HospitAll (Pvt.) Ltd.

22.2 Due to related parties - unsecured

	2023	2022
Associated		
NetSol Technologies Europe Limited	-	49,783,522
NetSol Ascent Middle East Computer Equipment Trading L.L.C.	18,585,672	-
	18,585,672	49,783,522

22.2.1 This relates to normal course of business of the Company and is interest free.

23. CONTRACT LIABILITIES

It represents license, subscription & support and services fee invoiced in advance. The license fee is transferred to revenue at a point in time when transfer of control of software is occurred whereas services fee and subscription and support fee is transferred to revenue over the time.

There is increase of Rs. 759 million in contract liabilities as compared to last fiscal year (2022: increase of Rs. 160 million). Explanation of significant changes are as follows:

	2023	2022
Opening balance - contract liabilities	358,503,688	198,508,000
Add: Invoices raised	3,229,316,953	2,081,917,582
Less: Revenue recognized	(2,470,325,021)	(1,921,921,894)
Closing balance - contract liabilities	1,117,495,620	358,503,688

		NOTE	2023	2022
			Rupees	
24.	**SHORT TERM BORROWINGS**			
	Export refinance - ERF - II secured	24.1	1,580,000,000	1,580,000,000
			1,580,000,000	1,580,000,000

24.1 EXPORT REFINANCE/LAPC/RF - SECURED

	NOTE	2023	2022
Askari Bank Limited - ERF - II	24.1.1	500,000,000	500,000,000
Samba Bank Limited - ERF - II	24.1.2	380,000,000	380,000,000
Habib Metro Bank Limited - Istisna/ Al Bai - Islamic Banking	24.1.3	700,000,000	700,000,000
		1,580,000,000	1,580,000,000

24.1.1 The facility for export refinance (ERF)/FAPC I & II is available from Askari Bank Limited amounting to Rs. 500 million (2022 : Rs. 500 million), availed Rs. 500 million (2022 : Rs. 500 million.) It carries mark-up of State Bank Refinance Rate +1% per annum (2022 : State Bank Refinance Rate +1% per annum). The interest rate charged for fiscal year 2023 ranges between 3% and 17% (2022 : 3%). The due balance is payable bi-annually.

FAPC (Own Source) Facility is also available as a sub limit of ERF/ FAPC-I amounting to PKR 500M (2022 : Rs. 500 million), availed Rs. Nil (2022 : Rs. NIL) It carries mark-up of KIBOR +1.5% per annum (2022 : KIBOR +1.5% per annum). A sublimit of export refinance under FE 25 is also sanctioned equivalent to Rs. 500 million (2022 : $ 3 million)

The company also has a running finance facility/FAPC-I/II of Rs. 75 million (2022 : Rs. 75 million) for meeting working capital requirement. It carries markup at the rate of 3 month Kibor + 2%. (2022 : 3 month Kibor + 2%). As at June 30, 2023, Nil was outstanding against this facility (2022: Nil).

A facility for issuance of guarantees (LG) as a sublimit of Running Finance (RF) is also available up to Rs. 40 million (2022 : Rs. 40 million), availed Rs. 8 million. (2022 : Rs. 8 million). A sublimit of RF up to Rs. 10 million (2022 : Rs. 10 million) is also available for corporate credit cards.

Unused running finance facility amount (including its sublimit) as at June 30, 2023 is Rs. 57 million (2022: Rs. 57 million)

The facilities from Askari Bank Limited are secured by way of Joint Pari Passu charge over Company's all present and future current assets amounting to Rs. 536.67 million (2022: Joint Pari Passu charge Rs. 536.67 million) and Joint Pari Passu charge of Rs. 690 million over fixed assets of the company (2022: Joint Pari Passu charge of Rs. 690 million). The facilities are also secured by way of equitable mortgage over 9 Kanal, 2 Kanal and 16 Marla properties, all located at Ghazi road, Lahore Cantt. These facilities are also secured by way of personal guarantees of Mr. Salim Ullah Ghauri and Mr. Omar Shahab Ghauri.

24.1.2 The facility for ERF I & II/LAPC/RF is available from SAMBA Bank Limited amounting to Rs. 380 million (2022 : Rs. 530 million), availed ERF Rs. 380 million (2022 : Rs. 380 million). ERF carries mark-up at State Bank Refinance Rate +1% per annum (2022: State Bank Refinance Rate +1%). Interest rate charged for the fiscal year 2023 ranged between 3% to 18% (2022 : 3%). LAPC/RF carry markup at the rate of Kibor +1.5% (2022 : Kibor +1.5%). The due balance of ERF/LAPC is payable bi-annually.

The unused ERF/LAPC/RF as at June 30, 2023 is Rs. NIL (2022: NIL)

These facilities are secured by way of Joint Pari Passu charge on present and future current assets amounting to Rs. 291.67 million (2022: Joint Pari Passu charge of Rs. 291.67 million) and Joint Pari Passu charge of Rs. 375 million over fixed assets of the company (2022: Joint Pari Passu charge of Rs. 375 million). The facilities are also secured by way of equitable mortgage over 9 Kanal, 2 Kanal and 16 Marla properties, all located at Ghazi road, Lahore Cantt. The facilities are also secured by way of personal guarantees of Mr. Salim Ullah Ghauri and Mr. Omar Shahab Ghauri.

24.1.3 The facility for export refinance IERF - I & II (Istisna / Al Bai / Working Capital Musharakah) is available from Habib Metro Bank Limited amounting up to Rs. 800 million (2022 : Rs. 900 million), availed Rs. 700 million (2022 : Rs. 700 million). It carries profit at State Bank Refinance Rate +1% per annum (2022 : State Bank Refinance Rate +1% per annum). The profit charged for fiscal year 2023 ranged between 5.5% to 18% (2022 : 3% to 5.5%). The due balance is payable bi-annually.

A sublimit of export refinance amounting to Rs. 800 million under FE 25 is also sanctioned (2022: Rs. 900 million) which carries profit of 2.75% (2022: 2.75%). A sublimit of export refinance amounting to Rs. 800 million under Working Capital Musharakah is also available (2022: Rs. 900 million) and carries profit at the rate of Month Kibor +0.25% (2022: Month Kibor +0.25%).

The Facility of letter of guarantee amounting to Rs. 100 million is also available (2022 : Rs. 25 million as a sublimit of export refinance), availed Rs. 28.207 million (2022 : Rs. 3.4 million). It carries commission at the rate of 0.25% per quarter (2022: 0.10%).

These facilities are secured by way of joint Pari Passu charge over Company's present and future current assets amounting to Rs. 525 million (2022: Joint Pari Passu charge of Rs. 525 million) and Joint Pari Passu charge of Rs. 675 million over fixed assets of the company (2022: Joint Pari Passu charge of Rs. 675 million). The facilities are secured by way of equitable mortgage over 9 Kanal, 2 Kanal and 16 Marla properties, all located at Ghazi road, Lahore Cantt and also by way of personal guarantee of Mr. Salim Ullah Ghauri.

25. CURRENT PORTION OF LONG TERM LIABILITIES - Secured

	NOTE	2023	2022
		Rupees	
Current portion of long term financing	19	-	86,175,461
Current portion of deferred grant	19	-	712,519
Current portion of loan obligations	19	42,568,156	38,859,395
Current portion of lease liability	20	3,355,884	3,466,890
		45,924,040	129,214,265

26. CONTINGENCIES & COMMITMENTS

26.1 Contingencies

26.1.1 Mr. Ahsan Zubair, ex-employee of the Company has filed a case for recovery of damages dated 26th January 2013 for malicious prosecution before the civil court, Lahore and has sought damages to the tune of PKR 500 million. The case was filed five years after a complaint lodged by NETSOL with Federal Investigation Authority pertaining to use of NetSol' s IP without authority by a company formed by Mr. Ahsan Zubair and his partner who was also an ex-employee of the Company. Keeping in view the facts and circumstances of the case, including the nature of evidence of the plaintiff and the laws applicable, it can safely be inferred that, on merits, no case for damages is made out. This is also endorsed by the fact that the case is barred by the laws relating to limitation. Moreover none of the ingredients forming basis for allowing a case of malicious prosecution are attracted. Therefore, on the facts of the case, there appears no chances of the case being allowed and there is no likelihood of this case having any adverse financial impact on the Company.

26.2 Commitments

26.2.1 Bank guarantees have been issued amounting Rs. 36.21 million (2022: Rs. 11.4 million) against performance of various contracts, to LESCO and to Standard Chartered Bank against its corporate credit cards.

26.2.2 The Company has a capital commitments of Rs NIL as at June 30, 2023. (2022: Nil)

27. REVENUE FROM CONTRACTS WITH CUSTOMERS

DISAGGREGATION OF REVENUE:

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	NOTE	2023	2022
		Rupees	
Export Revenue			
License		374,203,200	764,213,949
Services		3,293,529,043	1,977,703,263
Subscription and support		3,849,115,116	3,181,568,515
		7,516,847,359	5,923,485,727
Local Revenue			
License		42,653,553	142,092,862
Services		114,796,507	54,922,549
		157,450,060	197,015,411
Sales tax		(4,116,536)	(3,863,048)
		7,670,180,883	6,116,638,090

27.1 Amount of revenue recognized from beginning balance of contract liabilities:

	2023	2022
Opening balance-contract liabilities:	358,503,688	198,507,459
Revenue recognized	358,503,688	198,507,459

27.2 The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June, are as follows:

	2023	2022
Within one year	2,515,709,639	1,482,711,987
More than one year	3,882,102,317	3,930,984,000
	6,397,811,956	5,413,695,987

27.3 Timing of revenue recognition:

	2023	2022
At a point in time	374,203,200	764,213,000
Over the time	7,295,977,683	5,352,425,090
	7,670,180,883	6,116,638,090

28. COST OF REVENUE

	NOTE	2023	2022
Salaries & benefits	28.1	3,884,621,870	3,004,733,491
Software licenses		239,256,988	182,513,319
Staff training		2,068,708	3,776,839
Rent, rates & taxes	28.2	4,959,996	-
Travelling & conveyance		375,459,773	115,409,786
Communication		83,754,109	63,155,930
Utilities		69,486,811	39,839,209
Printing & stationery		2,444,565	1,441,923
Entertainment		63,891,641	36,882,214
Insurance		1,371,023	905,047
Vehicle running & maintenance		33,472,589	14,783,097
Repair & maintenance		54,822,712	37,308,581
Fee & subscription		738,408	1,037,629
Depreciation	5.2	296,159,128	206,880,455
Amortization of leased assets	5.5	2,004,937	9,478,718
Amortization of intangible assets	6.1	293,503,740	293,503,740
		5,408,016,998	4,011,649,978

28.1 Salaries and benefits include Rs. 154.33 million (2022 : Rs. 124.02 million) in respect of retirement benefits.

28.2 This represents amount paid in respect of short term leases.

Notes to the Financial Statements

For the year ended June 30, 2023

	NOTE	2023	2022
		Rupees	
29. SELLING AND PROMOTION EXPENSES			
Salaries & benefits	29.1	328,845,201	317,418,220
Rent, rates & taxes	29.2	11,288,213	8,732,930
Travelling and conveyance		75,453,383	57,755,385
Communication		3,480,203	2,678,820
Utilities		2,278,323	1,729,058
Printing & stationery		259,782	235,790
Entertainment		2,425,979	1,606,396
Insurance		1,413,686	1,470,000
Vehicle running expenses		3,909,032	2,359,587
Repairs and maintenance		7,217,816	4,280,295
Commission on sales		187,921,184	148,366,573
Sale promotional expenses		25,632,232	8,742,019
Depreciation	5.2	19,465,264	13,793,082
Amortization of leased assets	5.5	133,662	631,915
		669,723,960	569,800,070

29.1 Salaries and benefits include Rs. 9.47 million (2022 : Rs. 8.71 million) in respect of retirement benefits.

29.2 This represents amount paid in respect of short term leases.

	NOTE	2023	2022
30. ADMINISTRATIVE EXPENSES			
Salaries and benefits	30.1	825,698,106	648,432,806
Staff training		143,209	201,387
Rent, rates and taxes	30.2	22,919,276	20,880,897
Travelling and conveyance		72,759,846	53,333,173
Communication & postage		30,593,880	25,956,210
Printing and stationery		5,534,484	3,593,623
Utilities		34,867,171	21,368,717
Entertainment		48,016,595	29,013,348
Insurance		50,936,076	25,346,834
Advertisement		678,115	1,213,220
Vehicle running expenses		13,764,834	12,449,254
Repairs and maintenance		51,814,258	29,261,876
Legal and professional charges		11,570,273	7,633,883
Auditors remuneration	30.3	4,500,000	4,500,000
Office supplies		10,522,754	4,837,705
Charity & donation	30.4	43,242,315	16,989,038
Fee & subscription		55,876,160	15,188,315
Depreciation	5.2	73,680,914	55,188,105
Amortization of leased assets	5.5	534,650	2,527,658
		1,357,652,916	977,916,049

30.1 Salaries and benefits include Rs. 26.31 million (2022: Rs. 24.16 million) in respect of retirement benefits and Rs 21.5 million (2022: Rs. 7.55 million) in respect of share-based payment transactions .

30.2 Rent, rates & taxes include expense in respect of short term leases amounted to Rs. 19.06 million (2022: Rs. 15.17 million).

		NOTE	2023	2022
			Rupees	
30.3	**Auditors remuneration**			
	Audit fee		3,700,000	3,700,000
	Certifications of group reporting		600,000	600,000
	Out-of-pocket expenses		200,000	200,000
			4,500,000	4,500,000

30.4 Charity & donation

Names of the donee along with amount of donation in case amount of donation exceeds higher of Rs. 1 million or 10% of total amount of donation is given below:

Name of Donee	2023	2022
Developments in Literacy Foundation	5,376,000	4,625,000
Million Smiles Foundation	7,025,250	2,898,000
Al Khidmat Foundation	5,600,000	-
	18,001,250	7,523,000

Interest of the Directors or their spouses in the donations made during the year is as follows:

Name of Donee and address	Name of interested directors and nature of interest	2023	2022
Million Smiles Foundation (89- Al Hafeez Business Center 2nd Floor, Office 201 Gulberg 3, Lahore 75000)	Zeshan Afzal - Member Board of Directors	7,025,250	2,898,000

31. OTHER INCOME

	2023	2022
Income from financial assets		
Profit on bank deposits & short term investments	295,415,892	280,144,903
Interest income from related party	20,261,322	-
	315,677,214	280,144,903
Income from non-financial assets		
Gain on foreign currency translation	1,695,749,567	790,327,114
Rental income	2,100,000	2,700,000
	1,697,849,567	793,027,114
	2,013,526,781	1,073,172,017

31.1 Income is earned under both conventional mark-up arrangement and Shariah compliant arrangement. It include Rs. 268.96 million profit earned on Sharia compliant bank deposits & investments (2022: Rs. 259.09 million).

32. OTHER OPERATING EXPENSES

	2023	2022
Loss on disposal of assets	6,183,902	30,520,826
Research and development cost	373,476,242	218,162,259
Provision for expected credit losses	167,574,180	103,872,650
	547,234,324	352,555,735

	NOTE	2023	2022
		Rupees	
33. FINANCE COST			
Lease finance charges		20,892,133	3,491,495
Mark up on loans		165,081,457	64,014,751
Amortization of deferred grant	19.2	(712,519)	(9,536,666)
Lease documentation charges		30,000	37,250
Bank charges		4,358,050	1,174,042
		189,649,121	59,180,872

33.1 Mark up on loans include Rs. 68.78 million (2022: Rs. 21.93 million) paid on Islamic mode of financing.

		2023	2022
34. TAXATION			
Current year		192,051,453	139,348,846
Prior year		457,853	434,106
		192,509,306	139,782,952

For exporters of IT & IT enabled services, export income is taxable under FTR at 0.25% of the export remittances realized through normal banking channels. However tax as per applicable rates is charged to the income of the company generated from sources other than export income. Moreover, provision for super tax @ 4% on imputable income as well as other income has also been created as requried by law.

Deferred income tax asset has not been recognized in these financial statements as the Company's management believes that sufficient taxable profits will not be probably available in foreseeable future, hence, the temporary differences may not reverse.

	2023	2022
Reconciliation of income tax expense for the year		
Accounting profit	1,477,743,461	1,053,003,256
Enacted tax rate	29%	29%
Tax on accounting profit at enacted rate	428,545,604	305,370,944
Tax effect on income taxed at reduced rate	(212,605,756)	(219,309,744)
Tax effect of income taxed at different rates	(148,572,078)	(15,780,197)
Prior year tax effect	457,853	434,106
International taxation effect	124,683,683	69,067,843
	192,509,306	139,782,952

The Company has made the provision for taxation based on its understanding of the tax laws and regulations and on the basis of advice from its tax consultant. These provisions may change in case these laws and regulations are interpreted differently by tax authorities and Company's appeals are also not accepted.

	NOTE	2023	2022
35. EARNINGS PER SHARE			
Basic			
Profit after taxation for the year		1,285,234,155	913,220,304
Average number of ordinary shares in issue during the year	35.1	87,836,923	89,639,567
Basic - In Rupees		14.63	10.19
Diluted			
Profit after taxation for the year		1,285,234,155	913,220,304
Average number of ordinary shares in issue during the year	35.2	88,084,518	89,720,147
Diluted - In Rupees		14.59	10.18

	NOTE	2023	2022
35.1 Weighted average number of ordinary shares (basic)			
Issued ordinary shares as at July 1		89,836,923	89,836,923
Less: weighted average treasury shares held by Company		(2,000,000)	(197,356)
Weighted average number of ordinary shares (basic) as at June 30		87,836,923	89,639,567
35.2 Weighted average number of ordinary shares (Diluted)			
Weighted average number of ordinary shares (Basic)	35.1	87,836,923	89,639,567
Effect of exercise of share options		247,595	80,580
Weighted average number of ordinary shares (diluted) as at June 30		88,084,518	89,720,147

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

The aggregate amounts charged in the accounts for the remuneration, including all benefits, to the Chief Executive, Directors and Executives including key management personnel of the Company were as follows:

	Chief Executive		Directors		Executives	
	2023	2022	2023	2022	2023	2022
			Rupees			
Managerial remuneration	24,000,000	24,000,000	21,600,000	21,600,000	1,803,332,778	1,433,201,449
Retirement benefits	1,920,000	1,920,000	1,728,000	1,728,000	144,266,622	114,656,116
Rent and house maintenance	9,600,000	9,600,000	8,640,000	8,640,000	631,166,472	501,620,507
Utilities	2,400,000	2,400,000	2,160,000	2,160,000	270,499,917	214,980,217
Medical expenses	8,678,119	3,074,780	2,698,955	3,332,110	74,613,692	63,271,351
Commission / Bonus	-	-	-	-	18,608,530	159,011,713
Total	46,598,119	40,994,780	36,826,955	37,460,110	2,942,488,011	2,486,741,352
No. of Persons	1	1	1	1	909	623

The Chief Executive, Executive Directors and some Executives have been provided with company maintained cars.

During the current year CEO and other executives were granted NIL share options (2022: 3 Million).

Nothing is paid to any non-executive director (including independent directors) in form of remuneration or other benefits except a fee approved by the board for attending the board and other committee meetings. During the year, an amount of Rs. 7.8 million (2022: Rs. 5.6 million) was paid under this head of account.

37. CAPITAL MANAGEMENT

The primary objective of the Company's management is to ensure that it maintains a strong credit rating and healthy capital ratios while continue as going concern in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholder, issue new shares or sell assets to reduce debts or raise debts, if required.

As of the statement of financial position date, the management considers that the capital of the Company is sufficient to meet the business requirements.

The Company monitors capital on the basis of the gearing ratio. The ratio is calculated as under:

Notes to the Financial Statements

For the year ended June 30, 2023

	NOTE	2023	2022
		Rupees	
Total debt	37.1	1,676,521,215	1,801,745,576
Cash and cash equivalents	16	(2,631,170,928)	(3,786,712,936)
Net debt		-	-
Total equity	37.2	9,167,434,168	7,827,035,610
Gearing ratio (In percentage)		-	-

37.1 Total debt includes liabilities against assets subject to finance lease, long term borrowings & short term borrowing.

37.2 Total equity includes share capital and reserves of the Company.

38. TRANSACTION WITH RELATED PARTIES

Related parties comprise of holding company, subsidiary, associated undertakings, directors of the Company, key employees and staff retirement fund. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Parent, subsidiary and associated undertakings also have some common directorship.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Relationship with the company	Nature of transactions	2023	2022
(i) Subsidiary	Provision of services	2,400,000	2,700,000
	Rental income	1,200,000	1,800,000
	Expenses paid on behalf of subsidiary	4,865,328	-
	Sale of assets	-	2,488,121
	Mark-up income	20,261,322	-
(ii) Associated undertaking	Rental income	900,000	900,000
	Provision of services	2,060,591,824	1,668,957,406
	Purchase of services	45,048,000	36,968,529
(iii) Post employment benefit	Contribution to defined contribution plan	190,106,397	156,889,761

38.1 Details of associated Companies incorporated outside Pakistan with whom the Company had entered into transaction or had agreements are as follows:

Company Name	Country of Incorporation	Basis of association	Aggregate %age of Shareholding
NetSol Technologies Inc.	USA	Parent company	67.62%
NetSol Ascent Middle East Computer Equipment Trading L.L.C.	Middle East	Wholly owned Subsidiary	Nil
NetSol Technologies (Thailand) Limited	Thailand	Associate	Nil
NetSol Technologies (Beijing) Co., Limited	China	Associate	Nil
NetSol Technologies Australia Pty. Limited	Australia	Associate	Nil
NetSol Technologies Americas Inc.	USA	Associate	Nil
NetSol Technologies Europe Limited	UK	Associate	Nil
OTOZ Thailand Limited	Thailand	Associate	Nil
Ascent Europe Limited	UK	Associate	Nil

38.2 **Details of associated Companies/related parties with whom the Company had entered into transaction or had agreements other than already disclosed in note 38.1 above are as follows:**

Company Name	Basis of Relationship	Common directorship	Percentage of shareholding
NetSol Innovation (Pvt) Limited	Wholly owned Subsidiary	Yes	Nil
NetSol Connect (Pvt) Limited	Associate	Yes	Nil
HospitAll (Pvt.) Ltd	Associate	No	Nil

39. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Company's activities are exposed to a variety of financial risks. The Board of Directors of the Company have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's overall risk management strategy seeks to minimize adverse effects from the unpredictability of financial markets on the Company's financial performance. The Company sets policies, strategies and mechanisms, which aim at effective management of these risks within its unique operating environment. The key financial risks include credit risk, liquidity risk, interest rate risk, and foreign currency risk.

Risk management is carried out in accordance with established policies and guidelines approved by the Board of Directors. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management objectives and policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

(a) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	NOTE	2023	2022
		Rupees	
Financial assets			
Amortized cost			
Trade debts	39.1	5,639,020,972	2,500,048,433
Loans and advances		10,961,056	14,845,304
Trade deposits & short term prepayments		4,877,628	3,117,669
Other receivables		26,110,091	13,811,254
Due from related parties		726,749,907	473,966,306
Bank balances	39.2	2,620,389,777	3,770,778,287
		9,028,109,431	6,776,567,253

39.1 The Company does not have significant exposure to any individual customer. At 30 June, the company had 27 customers owing Rs. 5.6 billion. The Company has made allowances, where necessary, for potential losses on credits extended.

39.2 Bank balances are held only with reputable banks. The credit rating of banks holding balances is given below:

Notes to the Financial Statements

For the year ended June 30, 2023

	Short term	Long Term	Rating Agency
Askari Bank Limited	A1+	AA+	PACRA
MCB Bank Limited	A1+	AAA	PACRA
Samba Bank Limited	A1	AA	PACRA
Meezan Bank Limited	A-1+	AAA	JCR-VIS
Dubai Islamic Bank Pakistan Limited	AA	A-1+	JCR-VIS
Al Baraka Bank	A-1	A+	JCR-VIS
Habib Metro Bank Limited	A1+	AA+	PACRA
Bank Alfalah	A1+	AA+	PACRA
Bank Al Habib	A1+	AAA	PACRA

(b) Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet its commitments. The Company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and liabilities. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate actions for new requirements. Following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	2023			
	Carrying amount	Contractual cash flows	One year or less	Two to five years
	Rupees			
Non-derivative				
Financial liabilities				
Finance lease liability	4,326,441	4,978,085	3,960,108	1,017,977
Trade and other payables	704,454,341	704,454,341	704,454,341	-
Short-term borrowings	1,580,000,000	1,859,400,000	1,859,400,000	-
Long term borrowings	92,194,774	113,958,164	57,876,563	56,081,601
	2,380,975,556	2,682,790,590	2,625,691,012	57,099,578

	2022			
	Carrying amount	Contractual cash flows	One year or less	Two to five years
	Rupees			
Non-derivative				
Financial liabilities				
Finance lease liability	7,717,557	8,959,500	4,334,000	4,625,500
Trade and other payables	523,949,422	523,949,422	523,949,422	-
Short-term borrowings	1,580,000,000	1,718,825,753	1,718,825,753	-
Long term borrowings	214,028,018	250,068,000	146,853,000	103,215,000
	2,325,694,997	2,501,802,675	2,393,962,175	107,840,500

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 June. Rates of interest / mark - up and their maturities are given in the respective notes.

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term and short term borrowings from bank, lease liabilities, term deposits and deposits in profit and loss/saving accounts with banks and investments in mutual funds. The company mitigates its interest rate risk by investing available cash in mutual funds and bank deposits, generating more return compared to the finance cost. At the statement of financial position date profile of the Company's interest-bearing financial instrument is:

	2023	2022
	Rupees	
Financial assets		
Bank balances	2,242,526,474	3,508,297,278
Financial liabilities		
Finance lease liability	4,326,441	7,717,557
Long term loan	92,194,774	214,028,018
Short-term borrowings	1,580,000,000	1,580,000,000
	1,676,521,215	1,801,745,575

Sensitivity analysis

The company has no instruments subject to fixed interest rate. The following table demonstrates the sensitivity to a reasonably possible change in the floating interest rates, with all other variables held constant, of the Company's profit net of tax.

Impact on statement of profit or loss (net of tax)

As at 30 June		
100 bps increase will result in increase in profit by	3,753,060	8,866,480
100 bps decrease will result in decrease in profit by	3,753,060	8,866,480

(d) Foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The company is exposed to foreign currency risk on trade debts, payables and revenues which are entered in a currency other than Pak Rupees. Majority of the revenue of the company is in currencies other than Pak Rupees. The company also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk is as follows:

Trade Debts	5,482,137,097	2,500,048,433
Cash & bank balances	576,286,260	657,684,899
Due from related parties	450,711,703	428,277,052
Due to related parties	(18,585,672)	(49,783,522)
Net Exposure	6,490,549,388	3,536,226,862

Sensitivity analysis

The following analysis demonstrates the impact of a 5% strengthening/weakening of the Pak Rupee against US$, RMB¥, Euro and other currencies including UK£, AUS$, HKD & THB at 30 June on equity and statement of profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2022.

Notes to the Financial Statements

For the year ended June 30, 2023

	2023 Rupees				
	USD	RMB	EUR	Others	Total
Impact on statement of profit or loss (net of tax) as at 30 June					
Strengthening	(1,265,358,283)	(2,677,583,390)	(581,744,284)	(1,205,077,710)	(5,729,763,667)
Weakening	1,265,358,283	2,677,583,390	581,744,284	1,205,077,710	5,729,763,667

	2022 Rupees				
	USD	RMB	EUR	Others	Total
Impact on statement of profit or loss (net of tax) as at 30 June					
Strengthening	(854,763,279)	(945,447,821)	(317,955,748)	(171,434,106)	(2,289,600,954)
Weakening	854,763,279	945,447,821	317,955,748	171,434,106	2,289,600,954

(e) Fair value of financial assets and liabilities

The carrying values of financial assets and financial liabilities reported in statement of financial position approximate their fair values.

f) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market. The company is not exposed to significant other price risk as its investments are stated at cost.

39.3 Financial instruments by category

Financial assets at amortized cost

	2023	2022
	Rupees	
Trade debts	5,639,020,972	2,500,048,433
Loans and advances	10,961,056	14,845,304
Trade deposits & short term prepayments	4,877,628	3,117,669
Other receivables	26,110,091	13,811,254
Due from related parties	726,749,907	473,966,306
Bank balances	2,620,389,777	3,770,778,287
	9,028,109,431	6,776,567,253
Financial liabilities at amortised cost		
Finance lease liability	4,326,441	7,717,557
Trade and other payables	704,454,341	571,069,147
Long-term borrowings	92,194,774	214,028,018
Short-term borrowings	1,580,000,000	1,580,000,000
	2,380,975,556	2,372,814,722

40. DISCLOSURE REQUIREMENT FOR THE COMPANIES LISTED ON ISLAMIC INDEX

Loans/advances obtained as per Islamic mode	Disclosed in Note no. 24
Shariah compliant bank deposits/bank balances	Disclosed in Note no. 16
Profit earned from Shariah compliant bank deposits/bank balances;	Disclosed in Note no. 31
Revenue earned from a shariah compliant business segment;	Disclosed in Note no. 27
Gain/loss or dividend earned from shariah compliant investments;	Disclosed in Note no. 31
Exchange gain earned;	N/A
Mark up paid on Islamic mode of financing;	Disclosed in Note no. 33
Relationship with Shariah compliant banks	Disclosed in Note no. 24
Profits earned or interest paid on any conventional loan or advance	Disclosed in Note no. 31 & 33

41. PROVIDENT FUND RELATED DISCLOSURE

A joint provident fund is maintained by NetSol Group. The following information is based on the latest financial statements of the fund:

	2023	2022
	Rupees	
Size of the fund - Total Assets	1,699,899,525	1,483,421,335
Cost of investment made	1,197,675,506	1,034,491,724
Percentage of investment as size of fund	70%	70%
Fair value of investments	1,246,389,530	1,095,135,225

41.1 The breakup of fair value of investments is:

	2023		2022	
	Investments Rupees	Percentage of investment as size of fund	Investments Rupees	Percentage of investment as size of fund
Bank balances	507,579,010	30%	410,587,858	28%
Investment in government securities	543,307,698	32%	93,001,156	6%
Investment in listed equity securities	-	-	237,870,133	16%
Others	146,788,798	8%	293,032,577	20%
	1,197,675,506	70%	1,034,491,724	70%

41.2 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

42. NUMBER OF EMPLOYEES

	2023	2022
	No. of Employees	
Average number of employees during the year	1,565	1,322
Number of employees as at year end	1,441	1,456

43. ANNUAL SOFTWARE DEVELOPMENT CAPACITY

The Company is engaged in software development, subscription and support and licensing. Due to complicated nature of the software development process annual development capacity can not be determined.

44. CORRESPONDING FIGURES

Corresponding figures have been wherever re-classified, re-arranged, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant re-arrangement / reclassifications have been made in these financial statements except for:

From	Rupees	To
Share Capital (Note 17)	20,000,000	Reserves (Note 18)
Un - appropriated profit (Note 18)	164,738,875	Treasury Share Reserve (Note 18)
Vehicle running & maintenance - Cost of revenue (Note 28)	59,414,000	Salaries & benefits - Cost of revenue (Note 28)
Vehicle running expenses - Selling and promotion expenses (Note 29)	5,217,000	Salaries & benefits - Selling and promotion expenses (Note 29)
Vehicle running expenses - Administrative expenses (Note 30)	18,705,000	Salaries & benefits - Administrative expenses (Note 30)
Administrative Expenses -Depreciation (Note 30)	13,793,082	Selling and promotion expenses-Depreciation (Note 29)
Administrative Expenses -Amortization of leased assets (Note 30)	631,915	Selling and promotion expenses-Amortization of leased assets (Note 29)

45. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 21, 2023 by the Board of Directors.

46. FIGURES

Figures have been rounded off to the nearest rupee unless otherwise stated. Previously, the figures were rounded off to the nearest thousand rupees. Due to the change in presentation of financials, there are slight changes in figures but they have no material impact. However, overall financial results remain unchanged.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

CONSOLIDATED FINANCIAL STATEMENTS

NETSOL®

H.Y.K & Co.
CHARTERED ACCOUNTANTS

Independent Auditor's Report

To the members of NetSol Technologies Limited

Opinion

We have audited the annexed consolidated financial statements of **NetSol Technologies Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	**Revenue Recognition** Refer notes 4.9 and 27 to the financial statements. Revenue recognized during the year ended June 30, 2023 includes Rs. 2,218.83 million (2022: 1,737.61 million) from related parties.	Our audit procedures included the followings, • Obtained an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period.

	Revenue is derived from a number of revenue streams, and key streams include license, rendering of services and subscription and support. Each stream has its own revenue recognition policies based on the nature of the revenue and underlying contractual arrangements. Management judgment is required around the degree to which revenue has been earned as at the year-end date. Large contracts are typically bundled, and often include license, rendering of services and subscription and support revenues. Inappropriate revenue recognition in relation to cut off, as revenue may not have been recognized in the correct accounting period In light of the multiple revenue streams, complexity of accounting and crucial nature of this number to stakeholders, we have identified revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.	• Assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards. • Selected a sample of transactions recognized in revenue during the year and recalculating the revenue recognized with underlying contracts. • Checked evidence to support that software license has been delivered to customers prior to revenue recognition. • Agreed license revenues to signed contracts or software license agreements. • Agreed the revenue to subsequent payment as evidence of collectability. • 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; • Evaluated the appropriateness of the disclosures provided under the revenue standard IFRS-15 and assessed the completeness and mathematical accuracy of the relevant disclosures.
2.	**Valuation of Trade Debts and Contract Assets** Refer notes 4.12, 9 and 10 to the financial statements. The company has a significant balance of trade debts. 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 audit procedures in relation to the matter, included the following: • Obtained understanding of the recorded trade receivables by discussing with the management and making inquiries on the entire accounting process associated with the recording of trade receivables and contract assets.

	In relation to financial assets, IFRS 9 requires the recognition of expected credit losses ('ECL') rather than incurred credit loss model. Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. In accordance with IFRS 9, the measurement of ECL reflect a range of unbiased and probability-weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions. We identified allowance for credit losses as a key audit matter because the Company exercises significant judgment in calculating the expected credit losses	• We sought external confirmations from selected debtors of their balances that remained outstanding at the year end and compared replies to the request. • Where response to the external confirmations were not received, we have checked subsequent receipts/ traced the receivables balances to the invoices. • Reviewed the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Company. • Tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company • Testing the accuracy of the data on a sample basis extracted from the Company's accounting system which is used to calculate aging of trade receivables; and • Assessed the relevant disclosures made in the financial statements to determine whether they are complied with the accounting and reporting standards as applicable in Pakistan.

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 consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.

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

hyk & co.

H.Y.K and Co.
Chartered Accountants
Lahore
Date: September 26, 2023

UDIN: AR202310143yPtCKzmfU

Consolidated Statement of Financial Position

As at June 30, 2023

	NOTE	2023	2022
		Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	1,521,471,840	1,619,988,063
Intangible assets	6	40,385,947	333,889,687
		1,561,857,787	1,953,877,750
Long term loans to employees	8	4,391,690	8,055,537
		1,566,249,477	1,961,933,287
CURRENT ASSETS			
Trade debts	9	5,662,695,808	2,515,749,609
Contract asset	10	1,979,309,913	1,767,068,533
Loans and advances	11	64,849,265	32,478,946
Trade deposits & short term prepayments	12	128,720,430	54,450,613
Other receivables	13	26,110,091	13,811,254
Due from related parties	14	466,456,679	449,781,283
Taxation - net	15	6,387,524	753,945
Cash & bank balances	16	2,633,066,097	3,794,132,251
		10,967,595,807	8,628,226,434
TOTAL ASSETS		12,533,845,284	10,590,159,721

The annexed notes from 1 to 49 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Consolidated Statement of Financial Position

As at June 30, 2023

	NOTE	2023	2022
		Rupees	
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
200,000,000 ordinary shares of Rs.10/- each	18	2,000,000,000	1,500,000,000
Issued, subscribed and paid up capital	18	898,369,232	898,369,232
Share deposit money		12,500	12,500
Reserves	19	7,994,308,415	6,899,765,805
		8,892,690,147	7,798,147,537
NON-CURRENT LIABILITIES			
Long term financing	20	49,626,618	88,280,643
Lease liabilities	21	970,557	4,250,668
Long term advances	22	16,675,000	7,975,000
		67,272,175	100,506,311
CURRENT LIABILITIES			
Trade and other payables	23	819,451,107	619,823,315
Contract liabilities	24	1,124,653,984	358,503,688
Short term borrowings	25	1,580,000,000	1,580,000,000
Current portion of long term liabilities	26	45,924,040	129,214,265
Unclaimed dividend		3,853,831	3,964,605
		3,573,882,962	2,691,505,873
CONTINGENCIES & COMMITMENTS	27	-	-
TOTAL EQUITY AND LIABILITIES		12,533,845,284	10,590,159,721

The annexed notes from 1 to 49 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Consolidated Statement of Profit or Loss

For the year ended June 30, 2023

	NOTE	2023	2022
		Rupees	
Revenue from contracts with customers - Net	28	7,787,816,215	6,185,287,598
Cost of revenue	29	(5,638,202,502)	(4,104,647,039)
Gross Profit		2,149,613,713	2,080,640,559
Selling and promotion expenses	30	(777,152,982)	(576,069,635)
Administrative expenses	31	(1,368,915,568)	(983,392,191)
		(2,146,068,550)	(1,559,461,826)
Operating profit		3,545,163	521,178,733
Other income	32	1,998,473,611	1,073,287,432
		2,002,018,774	1,594,466,165
Other operating expenses	33	(547,234,324)	(357,160,750)
Finance cost	34	(189,812,916)	(59,245,569)
Share of loss of associate		(33,686,884)	(165,704,147)
Profit before taxation		1,231,284,650	1,012,355,699
Taxation	35	(192,831,775)	(140,038,619)
Profit after taxation for the year attributable to equity holders of parent		1,038,452,875	872,317,080
Earnings per share			
Basic - In Rupees	36	11.82	9.73
Diluted - In Rupees	36	11.79	9.72

The annexed notes from 1 to 49 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2023

	2023	2022
	Rupees	
Profit after taxation for the year	1,038,452,875	872,317,080
Other comprehensive income	-	-
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods (net of tax):		
Reclassification/share of other comprehensive (loss) of an associate	34,612,216	(12,815,055)
Items that will not be reclassified subsequently to profit or loss	-	-
Total comprehensive income for the year attributable to equity holders of the parent	1,073,065,091	859,502,025

The annexed notes from 1 to 49 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Consolidated Statement of Cash Flows

For the year ended June 30, 2023

	NOTE	2023	2022
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation for the year		1,231,284,650	1,012,355,699
Adjustments for non cash charges and other items:			
Depreciation - own assets		393,360,890	277,209,245
Amortization of right of use assets		2,673,249	12,638,291
Amortization of intangible assets		293,503,740	293,503,740
Loss on disposal of fixed assets		6,183,902	35,125,841
Foreign exchange (gain)		(1,701,417,550)	(790,678,729)
Finance cost		185,973,590	67,506,246
Interest income		(296,156,061)	(281,708,704)
Employee compensation expense		21,477,519	7,553,070
Amortization of deferred grant		(712,519)	(9,536,666)
Provision for expected credit losses		167,574,180	103,872,650
Reclassification/Share of loss of associate		33,686,884	165,704,147
		(893,852,176)	(118,810,869)
Cash generated from operations before working capital changes		337,432,474	893,544,830
Working Capital Changes			
Trade debts		(1,611,016,759)	(179,108,303)
Contract assets		(214,327,449)	(603,913,107)
Contract liabilities		766,150,296	159,996,229
Loans and advances		(28,706,472)	(20,619,782)
Trade deposits & short term prepayments		(74,269,820)	30,175,260
Other receivables		(12,298,837)	(6,685,595)
Due from related parties		(16,675,396)	(4,043,669)
Trade and other payables		153,750,261	218,181,596
Cash (used in) operations		(1,037,394,176)	(406,017,371)
Finance cost		(140,096,059)	(69,230,904)
Income taxes paid		(198,465,354)	(124,337,400)
Dividend paid		(110,774)	(274,902)
Net cash (used in) generated from operations		(1,038,633,889)	293,684,253
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased		(390,184,799)	(354,710,687)
Sales proceeds of fixed asset		82,402,982	16,694,913
Advances against capital expenditure		4,080,000	(1,080,000)
Interest received		296,156,061	281,708,704
Net cash (used in) investing activities		(7,545,756)	(57,387,070)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of shares		-	(184,738,875)
Paid against lease liabilities		(3,391,116)	(19,289,394)
Received against lease liabilities		-	9,093,645
Long term loan		(121,120,725)	(50,601,451)
Long term advances		8,700,000	7,975,000
Net cash (used in) financing activities		(115,811,841)	(237,561,075)
Net (decrease) in cash and cash equivalents		(1,161,991,486)	(1,263,892)
Net foreign exchange difference		925,332	-
Cash and cash equivalents at the beginning of the year	16	3,794,132,251	3,795,396,143
Cash and cash equivalents at the end of the year	16	2,633,066,097	3,794,132,251

The annexed notes from 1 to 49 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

Consolidated Statement of Changes in Equity

For the year ended June 30, 2023

	Attributable to equity holders of the Parent							
			Capital Reserve				Revenue Reserve	Total Equity
	Issued, subscribed and paid-up capital	Share deposit money	Treasury share reserve	Employee share option compensation reserve	Share premium	Foreign currency translation reserve	Unappropriated profit	
	Rupees							
Balance as at June 30, 2021	898,369,232	12,500	-	225,327,856	304,166,629	(20,871,829)	5,708,826,929	7,115,831,317
Net profit for the year	-	-	-	-	-	-	872,317,080	872,317,080
Other comprehensive income for the year	-	-	-	-	-	(12,815,055)	-	(12,815,055)
Total comprehensive income for the year	-	-	-	-	-	(12,815,055)	872,317,080	859,502,025
Amortization of employee share options	-	-	-	7,553,070	-	-	-	7,553,070
	-	-	-	7,553,070	-	(12,815,055)	872,317,080	867,055,095
Treasury shares	-	-	(184,738,875)	-	-	-	-	(184,738,875)
Balance as at June 30, 2022	898,369,232	12,500	(184,738,875)	232,880,926	304,166,629	(33,686,884)	6,581,144,009	7,798,147,537
Balance as at June 30, 2022	898,369,232	12,500	(184,738,875)	232,880,926	304,166,629	(33,686,884)	6,581,144,009	**7,798,147,537**
Net profit for the period	-	-	-	-	-	-	1,038,452,875	**1,038,452,875**
Other comprehensive (loss) for the period	-	-	-	-	-	34,612,216		**34,612,216**
Total comprehensive loss for the period	-	-	-	-	-	34,612,216	1,038,452,875	**1,073,065,091**
Amortization of employee share options	-	-	-	21,477,519	-	-	-	**21,477,519**
Balance as at June 30, 2023	**898,369,232**	**12,500**	**(184,738,875)**	**254,358,445**	**304,166,629**	**925,332**	**7,619,596,884**	**8,892,690,147**

The annexed notes from 1 to 49 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

NetSol Group ("the Group") consists of:

- NetSol Technologies Limited
- NetSol Innovation (Private) Limited
- NetSol Ascent Middle East Computer Equipment Trading L.L.C.

NetSol Technologies Limited (the Holding Company), incorporated in Pakistan on August 22, 1996 under the repealed Companies Ordinance, 1984, (Now Companies Act 2017) as a private company limited by shares, was later on converted into public limited company and subsequently listed on Pakistan Stock Exchange on August 26, 2005. Principal activities of the Company is the development and sale of computer software and allied services in Pakistan as well as abroad.

Geographical location and addresses of business units:

Address/Location	Purpose
1 NetSol IT Village,(Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan.	Registered office and business unit
2 43/1/Q, Amna Villa 1, Block-6, PECHS Housing Society Karachi.	Branch office
3 House No. 4, Safari villas 1, Bahria town, Rawalpindi. Pakistan.	Branch office
4 Central Senayan 2 Building, 16th Floor, Asia Afrika Street, No. 8, Senayan, Kebayoran Baru, South Jakarta, DKI Jakarta, 12190	Branch office
5 3rd floor Jasmin's Arcade Fakhar-e-Alam road, Peshawar Cantt. Pakistan.	Branch office
6 Office no 23, The Arcadin, Kohinoor city, Jaranwala road, Faisalabad, Pakistan.	Branch office
7 Khalifa Abdulla Ali Bin Belaila Almheiri P.O. Box MF-A70 Abu Hail, Dubai, UAE	Subsidiary Office

NetSol Innovation (Private) Limited ("the subsidiary Company" or "Subsidiary") is incorporated in Pakistan as a private limited company and is a wholly owned 100% (2022: 100%) subsidiary of NetSol Technologies Limited. The subsidiary is engaged in the business of providing software development & allied IT services. Registered office of the subsidiary is situated at NetSol IT Village, Lahore ring road, Ghazi road interchange, Lahore Cantt. Pakistan.

NetSol Ascent Middle East Computer Equipment Trading L.L.C. is incorporated in Dubai Emirate as a limited liability company. NetSol Technologies Limited owns 100% of its shareholding. The subsidiary is engaged in the business of development and sale of computer systems and communication equipment and software .

NetSol Technologies Limited is a majority owned subsidiary of NetSol Technologies Inc. USA.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

Where the provisions of and directives issued under the Companies Act, 2017 differ from requirements of any IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed."

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for revaluation of certain financial instruments at fair value as disclosed in respective accounting policies or notes.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupee, which is the group's functional currency. All financial information presented in Pak Rupee has been rounded to the nearest rupees unless stated otherwise.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

2.4 Accounting policies

The accounting policies adopted for the preparation of these consolidated financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the group for the year ended June 30, 2022.

2.5 New accounting standards, IFRIC interpretations, amendmends to the published approved accounting standards and companies Act 2017 that are effective in current year:

Certain standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on July 1, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

2.6 New accounting standards, IFRIC interpretations, amendmends to the published approved accounting standards that are not effective in current year and have not been early adopted by the company:

The following standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods begining on or after July 01, 2023 but are considered not to be relevant or to have any significant effect on the company's operations:

		Effective for periods beginning on or after
IAS 1	Presentation of Financial Statements (Amendments)	Jan-01 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	Jan-01 2023
IAS 12	Income Taxes [Amendments]	Jan-01 2023
IFRS 4	Insurance Contracts (Amendments)	Jan-01 2023
IAS 7	Statement of Cash Flow (Amendments)	Jan-01 2023
IFRS 7	Financial Instruments	Jan-01 2023

The above standards, amendments and interpretations are either not relevant to the company's operations or are not expected to have any significant impact on Company's financial statements except for the increased disclosures in certain cases.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the company's accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

2.7 Basis of consolidation

The consolidated financial statements include the financial statement of the holding Company and its subsidiary. The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies.

The assets and liabilities of the subsidiary, have been consolidated on line-by-line basis and the carrying values of the investment held by the holding Company is eliminated against the subsidiary's share capital and pre-acquisition reserves, if any in the consolidated financial statements. Material intra-group balances and transactions are eliminated.

Subsidiaries are all entities (including special purpose entities) over which the group has the control generally accompanying a shareholding of more than one half of the voting rights.

Subsidiary companies are consolidated from the date on which the Group obtains the control and continue to be consolidated until the date when such control ceases. Generally it is presumed that when more than 50% voting rights are transferred to the holding Company control of the subsidiary is established.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to the holding Company.

3. USE OF ESTIMATES AND JUDGMENT

The preparation of consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and 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 revision and future periods if the revision affects both current and future periods. During the year below change in accounting estimate is made:

The areas involving higher degree of judgement or complexity are as follows:

i. Provision for expected credit losses on accounts receivable / contract assets.
ii. Provision for taxation
iii. Useful life and recoverable amounts of depreciable assets
iv. Useful life of intangible assets
v. Contingencies
vi. Leases
vii. Revenue recognition
viii. Long term investment in associate
ix. Fair value of employee share options

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented except otherwise stated.

4.1 Property, plant and equipment

(i) Owned assets

Property, plant and equipment except for free hold land are stated at cost less accumulated depreciation and any impairment losses. Free hold land is stated at cost less any identified impairment loss.

Depreciation is charged by applying straight line method to write off the cost over the remaining useful life of the assets. Rates of depreciation are stated in note 5.1.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases when the asset is derecognized. Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Maintenance and normal repairs are charged to consolidated statement of profit or loss as and when incurred. Major repairs and improvements are capitalized.

The carrying amount of property, plant and equipment is removed from the consolidated statement of financial position upon scrapping or disposal or when no future economic benefit is expected from its use, scrapping or disposal.

Gain or loss on scrapping or disposal of assets, if any, is charged to consolidated statement of profit or loss. Profit or loss on disposal of assets is the difference between the sale proceeds and the carrying amount of the asset disposed off.

(ii) Right of use assets

The group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated over the shorter of its estimated useful life and the lease term. Right-of-use assets are amortized over the useful life of the assets using straight line method at the rates given in note 5.4. Amortization on additions is charged for the month in which an asset is acquired under the finance lease while no amortization is charged for the month in which the asset is disposed off. Right-of-use assets are also subject to impairment.

(iii) Capital work in progress

Capital work in progress is stated at cost less any identified impairment losses. It represents expenditure incurred on property, plant and equipment during construction and installation. Cost also includes applicable borrowing costs under IAS 23. These expenditures are transferred to relevant assets' category as and when assets are available for use.

4.2 Intangible assets

Research and software products development

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, it is probable that future economic benefits will flow to the Group, the Group has an intention and ability to complete and use or sell the software and cost can be measured reliably.

There are two components of intangible assets:

a. In-house developed intangible assets
b. Intangible assets acquired from market

(a) In-house developed intangible assets

The group may capitalize certain computer software development costs in accordance with IAS 38 Intangible Assets. Costs incurred internally to create a computer software product or to develop an enhancement to an existing product are charged to expense when incurred as research and development expense until technological feasibility for the respective product is established. Thereafter, all software development costs may be capitalized and reported at the lower of unamortized cost or recoverable amount. Capitalization will cease when the product or enhancement is available for general release to customers.

Amortization is charged on straight line basis over the useful life of the intangible assets. All intangible assets with an indefinite useful life are tested for impairment at each consolidated statement of financial position date. Rates of amortization are stated in note 6.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(b) Intangible assets acquired from market

Intangible assets acquired from market are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other expenses are charged to consolidated statement of profit or loss when they occur.

Amortization is charged by applying straight line method to write off the cost over the remaining useful life of the intangible assets unless such lives are indefinite. All intangible assets with an indefinite useful life are tested for impairment at each consolidated statement of financial position date. Amortization on additions to acquired intangible assets is charged for the month in which an asset is acquired while no amortization is charged for the month in which the asset is disposed off. Rates of amortization are stated in note 6.

4.3 Impairment of non financial asset

The group continually assesses at each consolidated statement of financial position date whether there is any indication that an asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the consolidated statement of profit or loss for the year. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

4.4 Foreign currency translation and transaction

Transactions denominated in foreign currencies are translated in Pak Rupees at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates prevailing at the statement of financial position date. Non-monetary assets and liabilities measured at historical cost are translated at the exchange rate prevailing at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the exchange rate prevailing at the date when fair values were determined. All exchange differences are charged to statement of profit or loss.

4.5 Staff benefits

(i) Retirement benefits

The Group operates a defined contributory provident fund for its permanent employees. Contributions are made equally by the group and the employee at 8% of basic salary in the provident fund on monthly basis. Group's contribution is recognized as a cost in the consolidated statement of profit or loss. The fund is administrated by the Trustees.

(ii) Short-term benefits

Short-term benefits to employees are calculated without discounting and are recognized as cost when related services are received.

(iii) Employees' share option scheme

The holding company operates an equity settled share based Employee' Share Option Scheme ("Scheme"). The fair value of options granted is determined at the grant date and is recognized as employee compensation expense on a straight line basis over the vesting period in P&L with corresponding credit to equity as employee compensation reserve. Fair value of options is arrived at using black Scholes pricing model.

When the options are exercised, the proceeds received equivalent to the face value of related shares is credited to share capital and any amount above the share capital is credited to share premium account.

4.6 Taxation

Provision for current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for tax on consolidated income is calculated at the current rates of taxation as applicable after taking into account tax credit and tax rebates available, if any. Income tax expense is recognized in consolidated statement of profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Charge for tax expense also includes adjustments where necessary, relating to prior years which arise from assessments finalized during the current year.

Deferred tax is accounted for using the statement of financial position method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the consolidated statement of profit or loss, except in the case of items credited or charged to other comprehensive income in which case it is included in consolidated other comprehensive income.

Expenses and assets are recognized net of the amount of sales tax, except:
- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

4.7 Creditors, accruals, provisions & contingencies

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for the goods and / or services received, whether or not billed to the Group.

Liabilities for creditors and other amounts payable in foreign currency are revalued by applying the exchange rate applicable on consolidated statement of financial position date.

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each consolidated statement of financial position date and adjusted to reflect the current best estimate. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

4.8 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at current or saving accounts held with banks, fixed deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include facilities of running finance that form an integral part of the Group's cash management.

4.9 Revenue recognition

The Group follows IFRS 15 for the recognition of revenue for all its revenue streams. The Group determines revenue recognition using the following step wise approach:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, a performance obligation is satisfied

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

The Group records the amount of revenue and related costs by considering whether it is a principal (gross presentation) or an agent (net presentation) by evaluating the nature of its promise to the customer. The group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Revenue is presented net of sales, value-added and other taxes collected from customers and remitted to government authorities.

The Group has two primary revenue streams: core revenue or non-core revenue.

Core revenue:

The group generates its core revenue from the export of (1) software licenses, (2) services, which include implementation, customization and other consulting services, and (3) subscription and support, which includes subscription and post contract support, of its enterprise software solutions for the lease and finance industry. The group offers its software using both traditional on-premises licensing model and Software as a Service (SaaS) model. The on-premises model involves the sale or license of software on a perpetual basis to customers who take possession of the software and install and maintain the software on their own hardware.

Non-core revenue:

The Group generates its non-core revenue by providing business process outsourcing ("BPO") services and other services (including support services to its local customers)

Performance obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied by transferring the promised good or service to the customer. The Group identifies the performance obligations at contract inception so that the Group can monitor and account for the performance obligations over the life of the contract.

The Group's contract which contain multiple performance obligations generally consists of the initial sale of licenses and a professional services engagement. Contract generally have multiple performance obligations as customers purchase maintenance support and services in addition to the licenses. The Group's single performance obligation arrangements are typically maintenance renewals, and professional services engagements.

For contracts with multiple performance obligations where the contracted price differs from the standalone selling price (SSP) for any distinct good or service, the Group may be required to allocate the contract's transaction price to each performance obligation using its best estimate for the SSP.

Information about Group's performance obligations are summarized below:

a) **Software licenses:**

Performance obligation is satisfied and revenue from software licenses is recognized at the point in time when transfer of control for software is occurred either upon physical delivery of license through CD, USB or electronically using FTP or delivery of the license key by other electronic methods which provides immediate availability of the product to the customer. The Group's typical payment terms tend to vary by region, but its standard payment terms are within 30-120 days of invoice.

b) **Subscription and support:**

Subscription revenue is recognized ratably over the initial subscription period committed to by the customer commencing when the product is made available to the customer. The initial subscription period is typically 12 to 60 months. The Group generally invoices its customers in advance in quarterly or annual installments and typical payment terms provide that customers make payment within 30 days of invoice. Performance obligation against support revenue is recognized ratably over the term of the support period, which in most instances is one year. Software license updates provide customers with rights to unspecified software product updates, maintenance releases and patches released during the term of the support period on a when-and-if available basis. The group's customers purchase both product support and license updates when they acquire new software licenses. In addition, a majority of customers renew their support services contracts annually and typical payment terms provide that customers make payment within 30-120 days of invoice.

c) **Professional services:**

Performance obligation is satisfied and revenue from professional services is recognized over the time and typically comprised of implementation, development, customization, enhancements, data migration, training or other consulting services. Consulting services are generally sold on a time-and-materials or fixed fee basis and can include services ranging from software installation to data migration and building non-complex interfaces to allow the software to operate in integrated environments. The Group recognizes revenue from time-and-material arrangements as the services are performed. In fixed fee arrangements, revenue is recognized as services are performed as measured by efforts incurred to date, compared to total estimated efforts to complete the services project. Management applies judgment while estimating efforts to complete the services projects. A number of internal and external factors can affect these estimates, including utilization and efficiency variances and specification and testing requirement changes. Services are generally invoiced upon milestones as agreed in the contract and payments are typically due 30-120 days after invoice.

d) **BPO services:**

Revenue from BPO services is recognized when earned. Group recognizes revenue on issuance of billing to the customer. Payment terms are 90 days after invoice.

Miscellaneous

Interest on bank deposits is recognized and received on a time proportion basis on the principal amount outstanding and at the rate applicable.

Rental income is recognized on time proportion basis. Payment terms are 30 days.

Dividend is recognized as income when the right of receipt is established. Payment terms are 15 days after declaration of dividend.

Miscellaneous income is recognized on receipt basis.

Significant judgments

More judgments and estimates are required under IFRS 15 than were required under IAS 18 and other previous pronouncements. Due to the complexity of certain contracts, the actual revenue recognition treatment required under IFRS 15 for the Group's arrangements may be dependent on contract-specific terms and may vary in some instances.

Judgment is required to determine the standalone selling price ("SSP") for each distinct performance obligation. The Group rarely licenses or sells products on a stand-alone basis, so the Group is required to estimate the range of SSPs for each performance obligation. In instances where SSP is not directly observable because the Group does not sell the license, product or service separately, the Group determines the SSP using information that may include market conditions and other observable inputs. In making these judgments, the Group analyzes various factors, including its pricing methodology and consistency, size of the arrangement, length of term, customer demographics and overall market and economic conditions. Based on these results, the estimated SSP is set for each distinct product or service delivered to customers.

The most significant inputs involved in the Group's revenue recognition policies are: The (1) stand-alone selling prices of the Group's software license, and the (2) method of recognizing revenue for installation/customization, and other services.

The stand-alone selling price of the licenses was measured primarily through an analysis of pricing that management evaluated when quoting prices to customers. Although the Group has no history of selling its software separately from support and other services, the Group does have historical experience with amending contracts with customers to provide additional modules of its software or providing those modules at an optional price. This information guides the Group in assessing the stand-alone selling price of the Group's software, since the Group can observe instances where a customer had a particular component of the Group's software that was essentially priced separate from other goods and services that the Group delivered to that customer.

The Group recognized revenue from implementation and customization services using the percentage of completion basis. The output method is used for measuring percentage of completion by taking into account the estimated "man-days" that the work requires. The Group believes the level of effort to complete the services is best measured by the amount of time (measured as an employee working for one day on implementation/customization work) that is required to complete the implementation or customization work. The Group continuously reviews its estimate of man-days required to complete implementation and customization services.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

Revenue is recognized over time for the Group's subscription, support and fixed fee professional services that are separate performance obligations. For the Group's professional services, revenue is recognized over time, generally using man-days expended to measure progress. Judgement is required in estimating project status and efforts necessary to complete projects. A number of internal and external factors can affect these estimates, including man-day rates, utilization, specification variances and testing requirement changes.

If a group of agreements are entered at or near the same time and so closely related that they are, in effect, part of a single arrangement, such agreements are deemed to be combined as one arrangement for revenue recognition purposes. The Group exercises significant judgment to evaluate the relevant facts and circumstances in determining whether agreements should be accounted for separately or as a single arrangement. The Group's judgments about whether a group of contracts comprise a single arrangement can affect the allocation of consideration to the distinct performance obligations, which could have an effect on results of operations for the periods involved.

If a contract includes variable consideration, the Group exercises judgment in estimating the amount of consideration to which the entity will be entitled in exchange for transferring the promised goods or services to a customer. When estimating variable consideration, the Group will consider all relevant facts and circumstances. Variable consideration will be estimated and included in the contract price only when it is probable that a significant reversal in the amount of revenue recognized will not occur.

Practical expedients and exemptions

There are several practical expedients and exemptions allowed under IFRS 15 that impact timing of revenue recognition and the Group's disclosures. Below is a list of practical expedients the Group applied in the adoption and application of IFRS 15:

a) The Group does not evaluate a contract for a significant financing component if payment is expected within one year or less from the transfer of the promised items to the customer.

b) The Group generally expenses sales commissions and sales agent fees when incurred when the amortization period would have been one year or less. These costs are recorded within sales and marketing expense in the consolidated statement of profit or loss.

c) The Group does not disclose the value of unsatisfied performance obligations for contracts that have an original expected duration of one year or less.

d) The Group does not disclose the value of unsatisfied performance obligations for contracts for which the Group recognizes revenue at the amount to which it has the right to invoice for services performed (applies to time-and-material engagements).

Costs to obtain a contract

The Group does not have a material amount of costs to obtain a contract capitalized at any consolidated statement of financial position date. In general, we incur few direct incremental costs of obtaining new customer contracts. We rarely incur incremental costs to review or otherwise enter into contractual arrangements with customers. In addition, our sales personnel receive fees that we refer to as commissions, but that are based on more than simply signing up new customers. Our sales personnel are required to perform additional duties beyond signing of new deals, including account management of customers and cash collection efforts.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group has satisfied the performance obligation, either in full or partially, by transferring goods or services to a customer before the invoice is issued or payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 4.12 (i) Financial instruments – initial recognition and measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer in advance or an amount of consideration is due. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the amount is received or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

4.10 Borrowing costs

Borrowing costs directly attributable to the construction / acquisition of qualifying assets are capitalized up to the date, including the period when technical and administrative work is carried on, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the consolidated statement of profit or loss currently. Qualifying assets are assets that necessarily take substantial period of time to get ready for their intended use.

4.11 Off-setting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated financial statements only when there is legally enforceable right to set-off the recognized amount and the Group intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

4.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Group initially measures a financial asset at its fair value plus transaction cost. In the case of a financial asset not at fair value through profit or loss at its fair value.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon DE recognition (equity instruments)
- Financial assets at fair value through profit or loss

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's statement of financial position) when rights to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Impairment

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the consolidated statement of profit or loss when liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Other financial liabilities are also subsequently measured at amortized cost using the EIR method. Interest expense and foreign exchange gains and losses are recognized in the consolidated statement of profit or loss. Any gain or loss on de-recognition is also recognized in the consolidated statement of profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and recognition of a new liability. Difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

4.13 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the consolidated financial statements in the period in which these are approved. However, if they are approved after the reporting period but before the financial statements are authorized for issue they are disclosed in the notes to the consolidated financial statements.

4.14 Related party transactions

The Group enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the group to do so.

4.15 Fair Value

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the consolidated statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transaction; reference to the current market value of another instrument, which has substantially similar characteristics, discounted cash flow analysis or other valuation models.

4.16 Segment reporting

The chief operating decision- maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Senior Management Team that makes strategic decisions. The management has determined the operating segments based on the reports reviewed by CODM of the Group. For management purposes, the Group is organized into operating segments based on their products and services. Each operating segment has a manager responsible for the operations who periodically reports to the CODM the outcome of the operating segment's efforts and its resource requirements. Additional disclosures on each of these segments are shown in notes # 45, including the factors used to identify the reportable segments and the measurement basis of segment information.

4.17 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group, unless otherwise stated. When necessary, adjustments are made to bring the accounting policies in line with those of the group.

The company periodically determines whether it is necessary to recognize any impairment loss on its investment in its associate or not. The company determines on annual basis whether there is any objective evidence that the investment in associate is impaired. If there is such evidence, the company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within 'Share of profit or loss of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Significant judgements:

The group has made significant judgements in determining significant influence over the associated company.

Group has considered below factors in determining significant influence:

i) Ownership interest in associate.
ii) Representation on the board of directors of the associate.
iii) Participation by group in policy-making processes, including participation in decisions about dividends or other distributions of associate.
iv) Material transactions between the group and its associate.
v) Provision of essential technical information.

Based on its agreements with the associate, the Company had previously concluded that even though its ownership interest in associate is less than 20% but because of significant influence, it was considered as an associate. However, now due to change in circumstances and impairment of the company in which investment was made and also due to change in the management & board structure of the company, that significant influence is lost and hence the investment is recorded on its FV as per IFRS requirement.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

4.18 Earnings per share

The Group presents both basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjustment) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

4.19 Lease liabilities

At the commencement date of the lease, the group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is premeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

4.20 Short-term leases and leases of low-value assets

The group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

4.21 Significant judgement in determining the lease term of contracts with renewal and termination options

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or to terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal and termination. After the commencement date, the group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

4.22 Deferred grant

Deferred grant is recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income and presented as deduction from the related expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.
When the group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

4.23 Advances and deposits

These are recognized at nominal amount which is fair value of considerations to be received in future.

	NOTE	2023	2022
		Rupees	
5. PROPERTY, PLANT & EQUIPMENT			
Net book value of owned assets	5.1	1,513,091,537	1,583,169,072
Net book value of right of use assets	5.4	8,380,303	32,738,991
Advances against capital expenditure	5.6	-	4,080,000
		1,521,471,840	1,619,988,063

5.1 Following is statement of owned assets

Particulars	COST: As at Jul 01, 2022	COST: Additions / (Deletions)	COST: As at June 30, 2023	Rate %	DEPRECIATION: As at Jul 01, 2022	DEPRECIATION: Adjustment during the year	DEPRECIATION: Charge for the year	DEPRECIATION: As at June 30, 2023	Net book value as at June 30, 2023
	2023								
	Rupees								
Tangible Assets									
Land - freehold	254,228,577	-	254,228,577		-	-	-	-	254,228,577
		-							
Building on free hold land	952,560,735	-	952,560,735	5	369,964,648	-	32,366,449	402,331,097	550,229,638
		-							
Furniture & fixtures	71,718,539	3,588,100	74,679,987	10	47,852,247	-	7,921,879	55,281,516	19,398,471
		(626,652)				(492,610)			
Vehicles	467,954,016	138,033,555	504,833,150	20	181,882,169	27,599,653	80,524,257	246,302,720	258,530,430
		(101,154,421)				(43,703,359)			
Computers	1,233,259,739	147,166,498	835,830,040	20-33	930,185,620	-	191,915,588	608,466,955	227,363,085
		(544,596,197)				(513,634,254)			
Air conditioners	68,583,458	3,283,900	71,668,358	10	42,437,087	-	8,343,973	50,588,644	21,079,714
		(199,000)				(192,416)			
Office equipment	77,783,192	13,823,440	91,445,632	10	47,466,528		7,945,214	55,283,995	36,161,637
		(161,000)				(127,747)			
Electric fittings	49,371,061	-	49,371,061	10	32,417,911	-	5,651,050	38,068,961	11,302,100
		-							
Generator	54,902,320	3,288,840	58,191,160	10	42,397,782	-	5,886,566	48,284,348	9,906,812
						-			
Intangible Assets									
Software	69,369,133	130,285,560	199,654,693	33	21,957,706	-	52,805,914	74,763,620	124,891,073
	3,299,730,770	439,469,893	3,092,463,393		1,716,561,698	27,599,653	393,360,890	1,579,371,856	1,513,091,537
		(646,737,270)				(558,150,386)			

The detail for the assets disposed off during the year is given in note 5.3

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

Particulars	2022								
	COST			DEPRECIATION					Net book value as at Jun 30, 2022
	As at Jul 01, 2021	Additions / (Deletions)	As at Jun 30, 2022	Rate %	As at Jul 01, 2021	Adjustment during the year	Charge for the year	As at Jun 30, 2022	
	Rupees								
Tangible Assets									
Land - freehold	254,228,577	-	254,228,577		-	-	-	-	254,228,577
		-							
Building on free hold land	952,560,735	-	952,560,735	5	337,598,199	-	32,366,449	369,964,648	582,596,087
Furniture & fixtures	74,358,182	1,914,929	71,718,539	10	41,424,785	-	8,278,459	47,852,247	23,866,292
		(4,554,572)				(1,850,997)			
Vehicles	238,039,904	243,862,276	467,954,016	20	94,461,269	47,794,312	48,972,495	181,882,169	286,071,847
		(13,948,164)				(9,345,907)			
Computers	1,704,347,465	156,584,987	1,233,259,739	20-33	1,384,382,103	4,498,581	134,924,202	930,185,620	303,074,119
		(627,672,713)				(593,619,267)			
Air conditioners	67,296,897	2,418,061	68,583,458	10	34,156,312	-	8,280,775	42,437,087	26,146,371
		(1,131,500)				-			
Office equipment	76,559,654	1,940,538	77,783,192	10	39,793,530	-	7,672,998	47,466,528	30,316,664
		(717,000)				-			
Electric fittings	49,371,061	-	49,371,061	10	26,766,861	-	5,651,050	32,417,911	16,953,150
		-							
Generator	53,077,536	2,090,000	54,902,320	10	36,267,661	-	6,130,121	42,397,782	12,504,538
		(265,216)				-			
Intangible Assets									
Software	337,425,106	33,289,896	69,369,133	33	290,023,119	-	24,932,696	21,957,706	47,411,427
		(301,345,868)				(292,998,108)			
	3,807,265,117	442,100,686	3,299,730,770		2,284,873,839	52,292,893	277,209,245	1,716,561,698	1,583,169,072
		(949,635,033)				(897,814,279)			

	NOTE	2023	2022
		Rupees	
5.2 Depreciation is allocated in the following manner			
Cost of revenue	29	**299,200,816**	207,891,157
Administrative expenses	31	**73,680,914**	55,188,105
Selling and promotion expenses	30	**20,479,160**	14,129,983
		393,360,890	277,209,245

5.3 Particulars of fixed assets disposed off during the year exceeding book value of Rs. 5 million in aggregate and 0.5 million individually are as follows:

Particulars	Cost	Net Book Value	Sales Proceeds	Gain/(Loss)	Mode of Disposal	Particulars of Purchaser
	2023					
	Rupees					
Computer	422,190,004	30,558,609	2,485,000	(28,073,609)	Open Market	Outstart Tech
Vehicle	3,154,335	1,180,464	2,400,000	1,219,536	Company Policy	Shahid Iqbal Qureshi
Vehicle	34,208,000	29,646,933	35,000,000	5,353,067	Open Market	Muhammad Shehryar
Vehicle	32,637,723	11,314,410	15,000,000	3,685,590	Open Market	Maria Faisal
Vehicle	3,964,913	789,458	3,000,000	2,210,542	Open Market	Muaaz Anwar
Vehicle	7,600,000	1,260,749	7,500,000	6,239,251	Open Market	Hafiz Sajjad Motors
Vehicle	6,786,970	2,238,330	4,750,000	2,511,670	Company Policy	Adil Farooq
Vehicle	10,882,480	10,882,480	11,086,980	204,500	Open Market	Tahira

Particulars	Cost	Net Book Value	Sales Proceeds	Gain/ (Loss)	Mode of Disposal	Particulars of Purchaser
	2022					
	Rupees					
Vehicle	2,825,410	1,085,636	1,668,000	582,364	Company Policy	Wajih Ur Rehman (Employee)
Vehicle	2,725,460	858,709	2,400,000	1,541,291	Company Policy	Kamran Khalid (Employee)
Vehicle	5,389,585	1,486,760	5,100,000	3,613,240	Company Policy	Ayub Rehmat (Employee)
Vehicle	2,727,510	890,953	1,500,000	609,047	Company Policy	Majid Bashir (Employee)

5.4 Following is statement of right of use assets

Particulars	COST			DEPRECIATION					Net book value as at June 30, 2023
	2023								
	As at Jul 01, 2022	Additions / (Deletions)	As at June 30, 2023	Rate %	As at Jul 01, 2022	Adjustment during the year	Charge for the year	As at June 30, 2023	
	Rupees								
Vehicles	62,651,339	-	13,366,245	20	29,912,346	-	2,673,249	4,985,942	8,380,303
		(49,285,094)				(27,599,653)			
	62,651,339	(49,285,094)	13,366,245		29,912,346	(27,599,653)	2,673,249	4,985,942	8,380,303

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

Particulars	2022								
	COST			DEPRECIATION					Net book value as at Jun 30, 2022
	As at Jul 01, 2021	Additions / (Deletions)	As at Jun 30, 2022	Rate %	As at Jul 01, 2021	Adjustment during the year	Charge for the year	As at Jun 30, 2022	
	Rupees								
Vehicles	143,733,762	9,093,645	62,651,339	20	65,147,018	-	12,559,640	29,912,346	32,738,993
		(90,176,068)				(47,794,312)			
Computers	6,307,576	-	-	33	4,419,931	-	78,651	2	(2)
		(6,307,576)				(4,498,580)			
		-				-			
	150,041,338	9,093,645	62,651,339		69,566,949		12,638,291	29,912,348	32,738,991
		(96,483,644)				(52,292,892)			

		NOTE	2023	2022
			Rupees	
5.5	**Depreciation is allocated in the following manner**			
	Cost of revenue	29	2,004,937	9,478,718
	Administrative expenses	31	534,650	2,527,658
	Selling and promotion expenses	30	133,662	631,915
			2,673,249	12,638,291

5.6 Advance against capital expenditure represent advances paid for purchase of fixed assets but delivery of assets are not made to the company till June 30. (2022: Rs 4.08 million)

5.7 Particulars of immovable assets of the company are as follows:

Location	Address	Land Area (Sq Ft)	Covered Area (Sq Ft)
Lahore	NetSol IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt.	149,738	140,631
Lahore	House No. 4, Cricketers Colony, NetSol IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt.	1,750	2,430
Lahore	House No. 5, Cricketers Colony, NetSol IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt.	1,750	2,430
Lahore	House No. 6, Cricketers Colony, NetSol IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt.	1,750	2,430
Lahore	House No. 56-A, Cricketers Colony, NetSol IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt.	1,575	2,095
Karachi	43/1/Q, Amna Villa 1, Block-6, PECHS Housing Society Karachi	4,500	13,500

6. INTANGIBLE ASSETS

Particulars	2023							
	COST			AMORTIZATION				Net book value as at June 30, 2023
	As at Jul 01, 2022	Additions / (Deletions)	As at June 30, 2023	Rate %	As at Jul 01, 2022	Charge for the Year	As at June 30, 2023	
	Rupees							
In-house Developed Software								
NFS Ascent	2,935,037,353	-	2,935,037,353	10	2,601,147,666	293,503,740	2,894,651,406	40,385,947
	2,935,037,353	-	2,935,037,353		2,601,147,666	293,503,740	2,894,651,406	40,385,947

Particulars	2022							
	COST			AMORTIZATION				Net book value as at Jun 30, 2022
	As at Jul 01, 2021	Additions / (Deletions)	As at Jun 30, 2022	Rate %	As at Jul 01, 2021	Charge for the year	As at Jun 30, 2022	
	Rupees							
In-house Developed Software								
NFS Ascent	2,935,037,353	-	2,935,037,353	10	2,307,643,926	293,503,740	2,601,147,666	333,889,687
	2,935,037,353	-	2,935,037,353		2,307,643,926	293,503,740	2,601,147,666	333,889,687

	NOTE	2023	2022
		Rupees	
6.1 Amortization is allocated in the following manner			
Cost of revenue	29	293,503,740	293,503,740

6.2 Remaining amortization period for NFS - Ascent is 2 months.

6.3 NetSol Financial Suite has been fully amortized but the company is still generating revenues from its sales.

7. LONG TERM INVESTMENTS

This represents investment in WRLD3D Inc., a US based entity having its principal place of business at 800 W. El Camino Real, Suite 320, Mountain View, California 94040 and engaged in gaming and 3D mapping business. DCD Holdings Limited Carlton Services Ltd, second floor, The Quadrant, Manglier Street, PO Box 1312, Victoria, Mahe, Seychelles is the beneficial owner of the company. The Company owns 4,092,189 preference BB shares of WRLD3D Inc. (12.2% ownership interest) originally valued at $2.77 million.

As a result of the loss of significant influence of the WRLD3D during the period, the company has discontinued the use of the equity method and recorded the investment as a financial asset under IFRS- 9. Upon discontinuation of the use of the equity method, as per requirement of IAS-28, the company has reclassified the foreign currency translation reserve of Rs. 33.69 million as mentioned in Note 19 and charged to profit or loss account.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

	NOTE	2023	2022
8. LONG TERM LOANS TO EMPLOYEES		Rupees	
Loan to executives		10,961,056	15,010,304
Less: current maturity		(6,569,366)	(6,954,767)
		4,391,690	8,055,537

8.1 These are carried at cost as the effect of carrying these balances at amortized cost would not be material in the overall context of these financial statements.

9. TRADE DEBTS

	NOTE	2023	2022
Considered good - unsecured	9.2	5,662,695,808	2,515,749,609
Considered doubtful - unsecured		356,270,033	190,781,923
		6,018,965,841	2,706,531,532
Less: Provision for expected credit losses	9.3	(356,270,033)	(190,781,923)
		5,662,695,808	2,515,749,609

9.1 Amount receivable from related parties included in trade debts (from export sales) are as under:

	2023	2022
NetSol Technologies (Thailand) Limited	277,821,116	77,578,270
NetSol Technologies (Beijing) Company Limited	1,925,047,916	1,231,368,353
NetSol Australia Pty. Limited	724,626,625	224,470,600
NetSol Technologies Americas Inc.	403,160,531	315,912,508
NetSol Technologies Europe Limited	37,993,101	15,701,176
Ascent Europe Limited	120,893,334	37,438,828
OTOZ Thailand Ltd.	75,788,552	84,520,944
	3,565,331,175	1,986,990,679
Less: Provision for expected credit losses	(356,270,033)	(187,446,191)
	3,209,061,142	1,799,544,488

9.2 It represents amount receivable from customers. It is unsecured but considered good by the management.

9.3 This is a provision created for any future credit losses.

9.4 **Movement in provision for expected credit losses is given below:**

	2023	2022
	Rupees	
Balance as at July 1	190,781,923	329,874,283
Provision made during the year	165,488,110	97,402,753
Write offs during the year	-	(236,495,113)
Balance as at June 30	356,270,033	190,781,923

9.5 **The aging of trade debts at June 30 is as follows:**

	2023		2022	
	Rupees		Rupees	
	Gross	Impaired	Gross	Impaired
Not past due	2,417,691,406	-	506,720,985	-
Past due 1-180 days	1,690,881,363	-	947,553,937	-
Past due 181 days -1 year	1,407,859,139	-	429,777,521	-
More than one year	502,533,933	-	822,479,089	-
Total	6,018,965,841	-	2,706,531,532	-

9.6 **The aging of trade debts due from related parties at June 30 is as follows:**

	2023		2022	
	Rupees		Rupees	
	Gross	Impaired	Gross	Impaired
Not past due	248,350,558	-	326,251,848	-
Past due 1-180 days	1,409,070,446	-	549,127,432	-
Past due 181 days - 1 year	1,405,376,238	-	362,716,310	-
More than one year	502,533,933	-	748,895,089	-
Total	3,565,331,175	-	1,986,990,679	-

9.7 Maximum aggregate amount outstanding from related party - trade debts at the end of any month during the year was Rs. 3,855.14 million (2022: Rs. 1,990.89 million).

10. CONTRACT ASSETS

It represents unbilled debtors arising due to recognition of revenue as per IFRS 15 "Revenue from contracts with customers".	NOTE	2023	2022
		Rupees	
Considered good - unsecured		1,979,309,913	1,767,068,533
Considered doubtful - unsecured	10.1	30,183,474	28,097,404
		2,009,493,387	1,795,165,937
Less: Provision for expected credit losses	10.1	(30,183,474)	(28,097,404)
		1,979,309,913	1,767,068,533

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

		NOTE	2023	2022
			Rupees	
10.1	**Movement in provision against future doubtful contract assets is given below:**			
	Balance as at July 1		28,097,404	21,627,612
	Provision made during the year		2,086,070	6,469,792
	Balance as at June 30		30,183,474	28,097,404

10.2 There is a net increase of Rs. 212.24 million in contract assets as compared to last fiscal year (2022: increase of Rs. 603.91 million). Explanation of significant changes are as follows:

		2023	2022
Opening balance-Contract Assets		1,767,068,533	1,163,155,388
Add: Revenue Recognized		5,821,405,486	4,707,102,881
Less: Invoices raised		(6,104,930,387)	(4,364,266,207)
Forex adjustment		497,852,351	267,546,263
Provision for Expected Credit Losses		(2,086,070)	(6,469,792)
Closing balance-Contract Assets		1,979,309,913	1,767,068,533

		NOTE	2023	2022
11.	**LOANS AND ADVANCES - unsecured -considered good**			
	Current maturity of loans to executives	8	6,569,366	6,954,767
	Advances			
	- employees		-	180,000
	- against expenses	11.1	58,279,899	25,344,179
			64,849,265	32,478,946

11.1 The advances against expenses are given to meet business expenses and are settled as and when the expenses are incurred.

		2023	2022
12.	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**		
	Security deposit	4,877,628	3,117,669
	Prepayments	123,842,802	51,332,944
		128,720,430	54,450,613
13.	**OTHER RECEIVABLES**		
	Guarantee margin	2,344,000	7,746,580
	Other receivable - considered good	23,766,091	6,064,674
		26,110,091	13,811,254

	2023	2022
	Rupees	
14. DUE FROM RELATED PARTIES		
Considered good - unsecured		
Parent		
NetSol Technologies Limited Inc.	150,793,593	185,838,654
Associates		
NetSol Connect (Pvt.) Ltd.	15,744,976	22,724,989
OTOZ Thailand Ltd	41,778,109	29,966,767
NetSol Technologies (Beijing) Ltd	166,958,203	64,175,526
NetSol Technologies Americas Inc.	91,181,798	25,671,942
NetSol Technologies (Thailand) Limited	-	121,403,405
	466,456,679	449,781,283

14.1 These relate to normal business of the group and are interest free.

14.2 Maximum aggregate amount outstanding from related party at any month-end during the year was Rs. 731.62 million (2022 : Rs. 451.16 million).

14.3 Aging of due from related parties at June 30 is as follows:

	2023		2022	
	Rupees		Rupees	
	Gross	Impaired	Gross	Impaired
Not past due	127,566,597	-	43,025,531	-
Past due 1-180 days	98,965,445	-	85,200,463	-
Past due 181 days -1 year	57,148,232	-	41,337,836	-
More than one year	182,776,405	-	280,217,452	-
Total	466,456,679	-	449,781,283	-

	NOTE	2023	2022
15. TAXATION - NET		Rupees	
Tax receivable as at 1 July		753,945	16,455,163
Tax payments		73,323,818	55,033,287
Provision for taxation		(67,690,239)	(70,734,505)
		6,387,524	753,945
16. CASH AND BANK BALANCES			
With banks			
Saving accounts-Local currency	16.1	2,054,390,998	3,134,324,136
Saving accounts-Foreign currency	16.1	189,868,958	382,308,048
Current accounts-Local currency	16.2	132,219	165,411
Current accounts-Foreign currency	16.2	377,731,084	262,315,598
		2,622,123,259	3,779,113,193
In hand		10,942,838	15,019,058
		2,633,066,097	3,794,132,251

16.1 The balances in savings accounts bear mark up at 6.50% to 19.55% per annum. (2022: 5.50% to 14.38% per annum). Balances in saving accounts include Rs. 1,248.11 million maintained in Shariah compliant bank accounts (2022: Rs. 1954.57 million).

16.2 Balances in current accounts include Rs. 325.41 million maintained in shariah compliant bank accounts (2022: Rs. 0.11 million).

17. BASIS OF FAIR VALUE MEASUREMENT

The transfer of asset to subsidiary company is made on fair value.

Fair Value of Items

The exchange of assets (i.e. non-recurring items) between related parties is made at fair value.

	2023	2022
Non recurring fair value measurements	Rupees	
IT Equipment's	-	2,488,121

Valuation techniques and inputs used

The group has engaged an external, independent and qualified valuer to determine the fair value of the equipment's. They have determined the fair value by using market based approach as described in IFRS 13.

The inputs used to develop those measurements are purchase date, useful life of asset, present condition, location and market value of the similar items.

Level of the fair value hierarchy

This is a level 2 measurement as per the fair value hierarchy set out in IFRS 13.

18. SHARE CAPITAL

18.1 Authorized share capital

2023	2022		2023	2022
Number of shares			Rupees	
200,000,000	150,000,000	Ordinary Shares of Rs. 10 each.	**2,000,000,000**	1,500,000,000

18.2 Issued, subscribed & paid-up capital

42,686,191	42,686,191	Ordinary Shares of Rs. 10 each fully paid in cash	**426,861,910**	426,861,910
47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	**471,507,322**	471,507,322
	-			
89,836,923	89,836,923		**898,369,232**	898,369,232

18.3 Reconciliation of number of shares outstanding

	Number of shares	
Number of shares outstanding as at July 1	**89,836,923**	89,836,923
Treasury shares of Rs. 10 purchased at market value	**(2,000,000)**	(2,000,000)
Number of shares outstanding as at June 30	**87,836,923**	87,836,923

18.4 Owners of ordinary shares of the holding company are entitled to distributions approved by the holding Company, and the shareholding entitles the owners to vote at the general meetings, with one vote per share. All shares have the same right to holding Company's remaining net assets.

18.5 There are 3 million outstanding options to subscribe for ordinary shares of the Company granted under the employee share option plan as disclosed in Note 19.1.1

18.6 NetSol Technologies Inc.16000 Ventura Boulevard STE 770 ENCINO CA 91436, USA is the parent company holding 67.62% (2022 : 67.62%) of issued capital of the Company.

18.7 The holding Company is not subject to any externally imposed capital requirements for the financial years 2023 and 2022.

18.8 During the year Nil shares (2022: Nil) were issued against options exercised.

18.9 The share capital includes 2,000,000 ordinary shares (2.23% of its outstanding ordinary shares) held as treasury shares by the company, which was bought back in 2022. These treasury shares are held in CDC blocked account in the freeze form. These are not entitled to any voting right, cash dividend or any other distribution made by the company. No sale or disposal of treasury shares has been made during the financial year.

19. RESERVES	NOTE	2023	2022
		Rupees	
Capital reserve			
Premium on issue of ordinary shares	19.1	304,166,629	304,166,629
Employee share option compensation reserve	19.2	254,358,445	232,880,926
Foreign currency translation reserve		925,332	(33,686,884)
Treasury share reserve	19.3	(184,738,875)	(184,738,875)
Revenue reserve			
Un - appropriated profit		7,619,596,884	6,581,144,009
		7,994,308,415	6,899,765,805

19.1 This reserve shall be utilized only for the purpose as specified in section 81(2) of the Companies Act, 2017.

19.2 Employee share option compensation reserve

	2023	2022
Balance at the beginning of the period	232,880,926	225,327,856
Compensation expense booked during the period	21,477,519	7,553,070
Balance at the end of the period	254,358,445	232,880,926

19.2.1 Employee stock option scheme

As per the approved employee stock option scheme, the board and the compensation committee granted three million stock options to its employees on December 27, 2021 at a grant price of Rs. 77.84 per option. No amount is paid or payable by any employee on receipt of the option. No option carries the right to vote or dividend. According to the scheme, 50% of the options will become exercisable after completion of 12 months from date of grant, another 30% of the granted option after completion of 24 months from the grant date and the remaining 20% of the granted option will become exercisable after completion of 36 months from the date of grant. The options are exercisable within a period of 10 years with un-exercised options to lapse on December 27, 2031.

The group uses Black Scholes pricing model to determine the fair value of options at the grant date. The group calculated fair value of options at the grant date using the following assumptions. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome:

Total number of options granted	3,000,000
Per option fair value at the grant date	Rs. 14.82
Average 30 days per share price preceding the date of grant	Rs. 96.79
Exercise price per option	Rs. 77.84
Annual Rate of Quarterly Dividends	13.50%
Discount Rate - Bond Equivalent Yield	11.80%
Annual volatility	55.08%

	2023		2022	
	Number of Options	Weighted avg. exercise price	Number of Options	Weighted avg. exercise price
Options outstanding at the beginning of the year	3,000,000	-	-	-
Options granted during the year	-	-	3,000,000	77.84
Options outstanding at the end of the year	3,000,000	-	3,000,000	-

19.3 This represents the cost of the treasury shares held by the company. As at 30 June 2023, the company held 2 million shares in the form of treasury shares (2022: 2 million)

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

	NOTE	2023	2022
		Rupees	
20. LONG TERM FINANCING - SECURED			
Long term finance facility	20.1	-	86,175,461
Deferred grant	20.2	-	712,519
Loan obligation	20.3	92,194,774	127,140,038
Less: Current portion shown under current liabilities:			
Current portion of long term finance facility		-	(86,175,461)
Current portion of deferred grant		-	(712,519)
Current portion of loan obligation		(42,568,156)	(38,859,395)
		(42,568,156)	(125,747,375)
		49,626,618	88,280,643

20.1 This represents the loan availed under SBP Salary Refinance scheme amounting Rs. 345 million in April 2020 and was repayable in two and half years till Dec 2022 (including six month grace period) (2022: Rs. 345 million). This facility was obtained from Askari Bank Limited and carried 3% per annum mark up rate and was secured against the current and future fixed and current assets of the Company. The loan has been fully paid during the year.

20.2 Deferred grant	2023	2022
Balance as at beginning of the year	712,519	10,249,185
Amortized to the statement of profit or loss	(712,519)	(9,536,666)
Balance as at end of the year	-	712,519

To support the economy during Covid-19 pandemic, the State Bank of Pakistan, including other steps, also introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing as disclosed in Note 20.1. The company also obtained the said facility from Askari Bank Limited at 3% mark up rate. This amount is repayable till Dec 2022 in 8 quarterly installments. According to the requirements of IAS 20, the company has recognized deferred grant amounting to Nil (2022: NIL) and Rs. 0.713 million has been amortized during the year (2022: Rs. 9.537 million).

20.3 This represents finance facilities obtained from time to time from First Habib Modaraba & Askari Bank Limited, from time to time, for purchase of various vehicles (earlier termed as sale & lease back transactions). The facility is repayable in 36 equal monthly installments. This facility carries mark up rate ranging between 16.12% to 23.23% (2022: 8.60 % to 16.43 %) per annum. These facilities are secured through lien marking in favour of financial institutions.

21. LEASE LIABILITIES - Secured	2023	2022
Present value of minimum lease payments	4,326,441	7,717,558
Current portion of obligations shown under current liabilities	(3,355,884)	(3,466,890)
	970,557	4,250,668

Present value of minimum lease payments have been discounted at an implicit interest rate ranging between 13.20% to 23.23% (2022: 8.60 % to 16.43%) to arrive at their present value. The lessee has the option to purchase the assets after expiry of the lease term.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

	2023		
	Rupees		
	Minimum Lease Payment	Future Finance Charges	Present Value of Lease Liability
Not later than one year	3,960,108	604,224	3,355,884
Later than one year but not later than five years	1,017,977	47,420	970,557
	4,978,085	651,644	4,326,441

	2022		
	Rupees		
	Minimum Lease Payment	Future Finance Charges	Present Value of Lease Liability
Not later than one year	4,334,362	867,472	3,466,890
Later than one year but not later than five years	4,625,000	374,332	4,250,668
	8,959,362	1,241,804	7,717,558

	2023	2022
21.1 Set out below are the carrying amounts of lease liabilities and the movements during the period:	Rupees	
Opening Balance	7,717,558	17,913,308
Additions	-	8,736,000
Interest expense relating to lease liabilities	1,440,741	1,031,688
Payments	(4,831,858)	(19,963,438)
Closing Balances as at 30 Jun	4,326,441	7,717,558

21.2 Amounts recognised in the statement of profit or loss

Interest expense on lease liabilities	1,440,741	1,031,688
Total amount recognised in profit or loss	1,440,741	1,031,688

21.3 Cash outflow for leases

Total cash outflow for leases has been disclosed in the statement of cash flows under financing activities.

22. LONG TERM ADVANCES

Long term advances	16,675,000	7,975,000
Less: Current portion	-	-
	16,675,000	7,975,000

22.1 These represent payments received from employees against provision of motor bikes and cars to them as per company policy and will be adjusted against the future sale of motor bikes and cars to them.

	NOTE	2023	2022
		Rupees	
23. TRADE AND OTHER PAYABLES			
Creditors	23.1	26,648,244	78,411,730
Accrued liabilities		605,168,488	391,593,989
Interest accrued - secured		58,049,861	12,172,330
Due to related party - unsecured	23.2	-	49,783,522
Withholding tax		55,520,361	32,702,356
Provident fund payable		59,029,459	48,738,395
Other payables		7,679,256	2,557,946
Sales tax payable		7,355,438	3,863,047
		819,451,107	619,823,315

23.1 Creditors include Rs. 1 million payable to a related party HospitAll (Pvt.) Ltd. (2022: Rs. 1.10 million).

23.2 Due to related party - unsecured			
Associated			
NetSol Technologies Europe Limited	23.2.1	-	49,783,522
		-	49,783,522

22.2.1 This relates to normal course of business of the group and is interest free.

24. CONTRACT LIABILITIES

It represents license, subscription and support and services fee invoiced in advance. The license fee is transferred to revenue at a point in time when transfer of control of software is occurred whereas services fee and subscription and support fee is transferred to revenue over the time.

There is increase of Rs. 766.15 million in contract liabilities as compared to last fiscal year (2022: decrease of Rs. 160 million). Explanation of significant changes are as follows:

Opening balance - contract liabilities	358,503,688	196,508,000
Add: Invoices raised	3,387,640,309	2,081,917,582
Less: Revenue recognized	(2,621,490,013)	(1,921,921,894)
Closing balance - contract liabilities	1,124,653,984	358,503,688

25. SHORT TERM BORROWINGS

Export refinance - ERF - II secured	25.1	1,580,000,000	1,580,000,000
		1,580,000,000	1,580,000,000
25.1 EXPORT REFINANCE/LAPC/RF - SECURED			
Askari Bank Limited - ERF - II	25.1.1	500,000,000	500,000,000
Samba Bank Limited - ERF - II	25.1.2	380,000,000	380,000,000
Habib Metro Bank Limited - Istisna/ Al Bai - Islamic Banking	25.1.3	700,000,000	700,000,000
		1,580,000,000	1,580,000,000

25.1.1 The facility for export refinance (ERF)/FAPC I & II is available from Askari Bank Limited amounting to Rs. 500 million (2022 : Rs. 500 million), availed Rs. 500 million (2022 : Rs. 500 million.) It carries mark-up of State Bank Refinance Rate +1% per annum (2022 : State Bank Refinance Rate +1% per annum). The interest rate charged for fiscal year 2023 ranges between 3% and 17% (2022 : 3%). The due balance is payable bi-annually.

FAPC (Own Source) Facility is also available as a sub limit of ERF/ FAPC-I amounting to PKR 500M (2022 : Rs. 500 million), availed Rs. Nil (2022 : Rs. Nil.) It carries mark-up of KIBOR +1.5% per annum (2022 : KIBOR +1.5% per annum). A sublimit of export refinance under FE 25 is also sanctioned equivalent to Rs. 500 million (2022 : $ 3 million)

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

The company also has a running finance facility/FAPC-I/II of Rs. 75 million (2022 : Rs. 75 million) for meeting working capital requirement. It carries markup at the rate of 3 month Kibor + 2%. (2022 : 3 month Kibor + 2%). As at June 30, 2023, Nil was outstanding against this facility. (2022: Nil).

A facility for issuance of guarantees (LG) as a sublimit of Running Finance (RF) is also available up to Rs. 40 million (2022 : Rs. 40 million), availed Rs. 8 million. (2022 : Rs. 8 million). A sublimit of RF up to Rs. 10 million (2022 : Rs. 10 million) is also available for corporate credit cards.

Unused running finance facility amount (including its sublimit) as at June 30, 2023 is Rs. 57 million (2022: Rs. 57 million)

The facilities from Askari Bank Limited are secured by way of Joint Pari Passu charge over Company's all present and future current assets amounting to Rs. 536.67 million (2022: Joint Pari Passu charge Rs. 536.67 million) and Joint Pari Passu charge of Rs. 690 million over fixed assets of the company (2022: Joint Pari Passu charge of Rs. 690 million). The facilities are also secured by way of equitable mortgage over 9 Kanal, 2 Kanal and 16 Marla properties, all located at Ghazi road, Lahore Cantt. These facilities are also secured by way of personal guarantees of Mr. Salim Ullah Ghauri and Mr. Omar Shahab Ghauri.

25.1.2 The facility for ERF I & II/LAPC/RF is available from SAMBA Bank Limited amounting to Rs. 380 million (2022 : Rs. 380 million), availed ERF Rs. 380 million (2022 : Rs. 380 million). ERF carries mark-up at State Bank Refinance Rate +1% per annum (2022: State Bank Refinance Rate +1%). Interest rate charged for the fiscal year 2023 ranged between 3% to 18% (2022 : 3%). LAPC/RF carry markup at the rate of Kibor +1.5% (2022 : Kibor +1.5%). The due balance of ERF/ LAPC is payable bi-annually.

The unused ERF/LAPC/RF as at June 30, 2023 is Rs. NIL (2022: NIL)

These facilities are secured by way of Joint Pari Passu charge on present and future current assets amounting to Rs. 291.67 million (2022: Joint Pari Passu charge of Rs. 291.67 million) and Joint Pari Passu charge of Rs. 375 million over fixed assets of the company (2022: Joint Pari Passu charge of Rs. 375 million). The facilities are also secured by way of equitable mortgage over 9 Kanal, 2 Kanal and 16 Marla properties, all located at Ghazi road, Lahore Cantt. The facilities are also secured by way of personal guarantees of Mr. Salim Ullah Ghauri and Mr. Omar Shahab Ghauri.

25.1.3 The facility for export refinance IERF - I & II (Istisna / Al Bai / Working Capital Musharakah) is available from Habib Metro Bank Limited amounting up to Rs. 800 million (2022 : Rs. 900 million), availed Rs. 700 million (2022 : Rs. 700 million). It carries profit at State Bank Refinance Rate +1% per annum (2022: State Bank Refinance Rate +1% per annum). The profit charged for fiscal year 2023 ranged between 5.5% to 18% (2022 : 3% to 5.5%). The due balance is payable bi-annually.

A sublimit of export refinance amounting to Rs. 800 million under FE 25 is also sanctioned (2022: Rs. 900 million) which carries profit of 2.75% (2022: 2.75%). A sublimit of export refinance amounting to Rs. 800 million under Working Capital Musharakah is also available (2022: Rs. 900 million) and carries profit at the rate of Month Kibor +0.25% (2022: Month Kibor +0.25%).

The Facility of letter of guarantee amounting to PKR 100 million is also available (2022 : Rs. 25 million as a sublimit of export refinance), availed Rs. 28.207 million (2022 : Rs. 3.4 million). It carries commission at the rate of 0.25% per quarter (2022: 0.10%).

These facilities are secured by way of Joint Pari Passu charge over Company's present and future current assets amounting to Rs. 525 million (2022: Joint Pari Passu charge of Rs. 525 million) and Joint Pari Passu charge of Rs. 675 million over fixed assets of the company (2022: Joint Pari Passu charge of Rs. 675 million).

The facilities are secured by way of equitable mortgage over 9 Kanal, 2 Kanal and 16 Marla properties, all located at Ghazi road, Lahore Cantt and also by way of personal guarantee of Mr. Salim Ullah Ghauri.

	NOTE	2023	2022
		Rupees	
26. CURRENT PORTION OF LONG TERM LIABILITIES			
Current portion of long term financing	20	-	86,175,461
Current portion of deferred grant	20	-	712,519
Current portion of loan obligations	20	42,568,156	38,859,395
Current portion of lease liability	21	3,355,884	3,466,890
		45,924,040	129,214,265

27. CONTINGENCIES & COMMITMENTS

27.1 Contingencies

27.1.1 Mr. Ahsan Zubair, ex-employee of the Company has filed a case for recovery of damages dated 26th January 2013 for malicious prosecution before the civil court, Lahore and has sought damages to the tune of PKR 500 million. The case was filed five years after a complaint lodged by NETSOL with Federal Investigation Authority pertaining to use of NetSol' s IP without authority by a company formed by Mr. Ahsan Zubair and his partner who was also an ex-employee of the Company. Keeping in view the facts and circumstances of the case, including the nature of evidence of the plaintiff and the laws applicable, it can safely be inferred that, on merits, no case for damages is made out. This is also endorsed by the fact that the case is barred by the laws relating to limitation. Moreover none of the ingredients forming basis for allowing a case of malicious prosecution are attracted. Therefore, on the facts of the case, there appears no chances of the case being allowed and there is no likelihood of this case having any adverse financial impact on the Company.

27.2 Commitments

27.2.1 Bank guarantees have been issued amounting Rs. 36.21 million (2022: Rs. 11.4 million) against performance of various contracts, to LESCO and to Standard Chartered Bank against its corporate credit cards.

27.2.2 The Company has a capital commitments of Rs NIL as at June 30, 2023. (2022: Nil)

28. REVENUE FROM CONTRACTS WITH CUSTOMERS

DISAGGREGATION OF REVENUE:

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	2023	2022
Export Revenue		
License	374,203,200	764,213,949
Services	3,410,591,006	2,046,352,771
Subscription and Support	3,849,115,116	3,181,568,515
	7,633,909,322	5,992,135,235
Local Revenue		
License	42,653,553	142,092,862
Services	115,398,544	54,922,549
	158,052,097	197,015,411
Sales tax	(4,145,204)	(3,863,048)
	7,787,816,215	6,185,287,598

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

		NOTE	2023	2022
			Rupees	
28.1	**Amount of revenue recognized from beginning balance of contract liabilities:**			
	Opening balance-Contract Liabilities:		358,503,688	198,507,459
	Revenue recognized		358,503,688	198,507,459
28.2	The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June, are as follows:			
	Within one year		2,515,709,639	1,482,711,987
	More than one year		3,882,102,317	3,930,984,000
			6,397,811,956	5,413,695,987
28.3	**Timing of revenue recognition**			
	At a point in time		374,203,200	764,213,000
	Over the time		7,413,613,015	5,421,074,598
			7,787,816,215	6,185,287,598
29.	**COST OF REVENUE**			
	Salaries & benefits	29.1	4,101,252,128	3,032,568,196
	Consultancy charges		4,500,643	-
	Technical services		830,109	-
	Software licenses		239,256,988	182,513,319
	Staff training		2,068,708	3,776,839
	Rent, rates & taxes	29.2	4,959,996	-
	Travelling & conveyance		375,613,093	115,844,818
	Communication		84,120,375	63,327,523
	Utilities		69,505,631	39,839,209
	Printing & stationery		2,444,565	1,461,622
	Entertainment		66,714,715	37,589,944
	Insurance		1,376,623	2,294,542
	Vehicle running & maintenance		34,746,421	75,869,634
	Repair & maintenance		55,358,695	37,308,581
	Fee & subscription		744,319	1,379,197
	Depreciation	5.2	299,200,816	207,891,157
	Amortization of leased assets	5.5	2,004,937	9,478,718
	Amortization of intangible assets	6.1	293,503,740	293,503,740
			5,638,202,502	4,104,647,039

29.1 Salaries and benefits include Rs. 162.36 million (2022 : Rs. 127.52 million) in respect of retirement benefits.

29.2 This represents amount paid in respect of short term leases.

	NOTE	2023	2022
		Rupees	
30. SELLING AND PROMOTION EXPENSES			
Salaries & benefits	30.1	424,777,909	312,201,220
Staff training		457,280	-
Rent, rates & taxes	30.2	11,616,354	8,732,930
Travelling and conveyance		78,552,461	57,755,385
Communication		3,480,203	2,678,820
Utilities		2,278,323	1,729,058
Printing & stationery		259,782	235,790
Entertainment		2,484,804	1,606,396
Insurance		1,413,686	1,470,000
Vehicle running expenses		3,909,032	7,576,587
Repairs and maintenance		7,217,816	4,280,295
Commission on sales		187,921,184	148,366,573
Sale promotional expenses		32,171,326	14,674,683
Depreciation	5.2	20,479,160	14,129,983
Amortization of leased assets	5.5	133,662	631,915
		777,152,982	576,069,635

30.1 Salaries and benefits include Rs. 9.47 million (2022 : Rs. 8.71 million) in respect of retirement benefits.

30.2 This represents amount paid in respect of short term leases.

	NOTE	2023	2022
31. ADMINISTRATIVE EXPENSES			
Salaries and benefits	31.1	827,279,882	631,077,806
Staff training		143,209	201,387
Rent, rates and taxes	31.2	22,949,476	20,909,697
Travelling and conveyance		72,759,846	53,333,173
Communication & postage		30,593,880	25,956,210
Printing and stationery		5,537,109	3,596,523
Utilities		34,867,171	21,368,717
Entertainment		48,016,595	29,033,490
Insurance		50,936,076	25,346,834
Advertisement		678,115	1,213,220
Vehicle running expenses		13,871,181	31,154,254
Repairs and maintenance		51,815,038	29,261,876
Legal and professional charges		19,768,397	11,123,683
Auditors remuneration	31.3	5,800,000	5,007,800
Office supplies		10,531,254	4,837,705
Charity & donation	31.4	43,250,765	16,995,438
Fee & subscription		55,902,010	15,258,615
Depreciation	5.2	73,680,914	55,188,105
Amortization of leased assets	5.5	534,650	2,527,658
		1,368,915,568	983,392,191

31.1 Salaries and benefits include Rs. 26.31 million (2022: Rs. 24.16 million) in respect of retirement benefits and Rs 21.5 million (2022: Rs 7.55 million) in respect of share-based payment transactions .

31.2 Rent, rates & taxes include expense in respect of short term leases amounted to Rs 19.06 million (2022: Rs. 15.17 million).

31.3 Auditors remuneration

	2023	2022
Audit fee	5,000,000	4,200,000
Certifications of group reporting	600,000	600,000
Out-of-pocket expenses	200,000	207,800
	5,800,000	5,007,800

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

31.4 Charity & donation

Names of the donee along with amount of donation in case amount of donation exceeds higher of Rs. 1 million or 10% of total amount of donation is given below:

Name of Donee	NOTE	2023	2022
		Rupees	
Developments in Literacy Foundation		5,376,000	4,625,000
Million Smiles Foundation		7,025,250	2,898,000
Al Khidmat Foundation		5,600,000	-
		18,001,250	7,523,000

Interest of the Directors or their spouses in the donations made during the year is as follows:

Name of Donee and address	Name of interested directors and nature of interest		
Million Smiles Foundation (89- Al Hafeez Business Center 2nd Floor, Office 201 Gulberg 3, Lahore 75000)	Zeshan Afzal - Member Board of Directors	7,025,250	2,898,000

32. OTHER INCOME

	NOTE	2023	2022
Income from financial assets			
Profit on bank deposits & short term investments		296,156,061	281,708,704
Income from non-financial assets		296,156,061	281,708,704
Gain on foreign currency translation	31.2	1,701,417,550	790,678,728
Rental income		900,000	900,000
		1,702,317,550	791,578,728
		1,998,473,611	1,073,287,432

32.1 Income is earned under both conventional mark-up arrangement and Shariah compliant arrangement. It include Rs. 269.07 million profit earned on Sharia compliant bank deposits & investments (2022: Rs. 259.91 million).

33. OTHER OPERATING EXPENSES

	NOTE	2023	2022
Loss on disposal of assets		6,183,902	35,125,841
Research and development cost		373,476,242	218,162,259
Provision for expected credit losses		167,574,180	103,872,650
		547,234,324	357,160,750

34. FINANCE COST

	NOTE	2023	2022
Lease finance charges		20,892,133	3,491,495
Mark up on loans		165,081,457	64,014,751
Less: Amortization of govt. grant	20.2	(712,519)	(9,536,666)
Lease documentation charges		30,000	37,250
Bank charges		4,521,845	1,238,739
		189,812,916	59,245,569

34.1 Mark up on loans include Rs. 68.78 million paid on Islamic mode of financing (2022: Rs. 21.96 million).

35. TAXATION

	NOTE	2023	2022
Current year		192,373,922	139,802,348
Prior year		457,853	236,271
		192,831,775	140,038,619

For exporters of IT & IT enabled services, export income is taxable under FTR at 0.25% of the export remittances realized through normal banking channels. However tax as per applicable rates is charged to the income of the company generated from sources other than export income. Moreover, provision for super tax @ 4% on imputable income as well as other income has also been created as requried by law.

Deferred income tax asset has not been recognized in these financial statements as the Company's management believes that sufficient taxable profits will not be probably available in foreseeable future, hence, the temporary differences may not reverse.

Reconciliation of income tax expense for the year	NOTE	2023	2022
		Rupees	
Accounting profit		1,231,284,650	1,012,355,699
Enacted tax rate		29%	29%
Tax on accounting profit at enacted rate		357,072,549	293,583,153
Tax effect on income taxed at reduced rates		(140,966,294)	(207,068,450)
Tax effect of income taxed at different rates		(148,416,016)	(15,780,092)
Prior year tax effect		457,853	236,165
International taxation effect		124,683,683	69,067,843
		192,831,775	140,038,619

The Group has made the provision for taxation based on its understanding of the tax laws and regulations and on the basis of advice from its tax consultant. These provisions may require change in case these laws and regulations are interpreted differently by tax authorities and the Group's appeals are not accepted at various forums.

36. EARNINGS PER SHARE

	Note	2023	2022
Basic		Rupees	
Profit attributable to ordinary shareholders of NetSol Technologies Limited		1,038,452,875	872,317,080
Weighted average number of ordinary shares in issue during the year	36.1	87,836,923	89,639,567
Basic - In Rupees		11.82	9.73
Diluted			
Profit attributable to ordinary shareholders of NetSol Technologies Limited		1,038,452,875	872,317,080
Weighted average number of ordinary shares in issue during the year	36.2	88,084,518	89,720,147
Diluted - In Rupees		11.79	9.72

	2023	2022
	Number	
36.1 Weighted average number of ordinary shares (basic)		
Issued ordinary shares as at July 1	89,836,923	89,836,923
Weighted average of shares/(buyback) issued during the year	(2,000,000)	(197,356)
Weighted average number of ordinary shares (basic) as at June 30	87,836,923	89,639,567
36.2 Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares (basic)	87,836,923	89,639,567
Effect of exercise of share options	247,595	80,580
Weighted average number of ordinary shares (diluted) as at June 30	88,084,518	89,720,147

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

The aggregate amounts charged in the accounts for the remuneration, including all benefits, to the Chief Executive, Directors and Executives including key management personnel of the Group were as follows:

	Chief Executive		Directors		Executives	
	2023	2022	2023	2022	2023	2022
	Rupees					
Managerial remuneration	24,000,000	24,000,000	21,600,000	21,600,000	1,886,587,000	1,469,691,000
Retirement benefits	1,920,000	1,920,000	1,728,000	1,728,000	150,927,000	117,575,000
Rent and house maintenance	9,600,000	9,600,000	8,640,000	8,640,000	660,305,000	514,392,000
Utilities	2,400,000	2,400,000	2,160,000	2,160,000	282,988,000	220,454,000
Medical expenses	8,678,119	3,074,780	2,698,955	3,332,110	77,448,000	64,218,000
Commission / Bonus	-	-	-	-	18,608,530	159,011,713
Total	46,598,119	40,994,780	36,826,955	37,460,110	3,076,863,530	2,545,341,713
No. of Persons	1	1	1	1	942	637

The Chief Executive, Executive Directors and some Executives have been provided with company maintained cars.

During the current year CEO and other executives were granted 3 million share options in aggregate.(2022: NIL shares).

Nothing is paid to any non-executive director (including independent directors) in form of remuneration or other benefits except a fee approved by the board for attending the board and other committee meetings. During the year, an amount of Rs. 7.8 million (2022: Rs. 5.6 million) was paid under this head of account.

38. CAPITAL MANAGEMENT

The primary objective of the Group's management is to ensure that it maintains a strong credit rating and healthy capital ratios while continue as going concern in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholder, issue new shares or sell assets to reduce debts or raise debts, if required.

As of the statement of financial position date, the management considers that the capital of the Company is sufficient to meet the business requirements.

The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as follows:

	NOTE	2023	2022
		Rupees	
Total debt	38.1	1,676,521,215	1,801,745,576
Cash and cash equivalents	16	(2,633,066,097)	(3,794,132,251)
Net debt		-	-
Total equity	38.2	8,892,690,147	7,798,147,537
Gearing ratio (In percentage)		0%	0%

38.1 Total debt includes liabilities against assets subject to finance lease, long term borrowings & short term borrowing.

38.2 The total equity includes all the capital and reserves of the Group.

39. TRANSACTION WITH RELATED PARTIES

Related parties comprise of holding company, associated undertakings, directors of the Company, key employees and staff retirement fund. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Parent, subsidiary and associated undertakings also have some common directorship.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in theses financial statements are as follows.

			2023	2022
			Rupees	
	Relationship with the Group	**Nature of transactions**		
(i)	Associated undertaking	Rental income	**900,000**	900,000
		Provision of services	**2,164,948,889**	1,737,606,914
		Purchase of services	**45,048,000**	36,968,529
(iii)	Post Employment benefit	Contribution to defined contribution plan	**198,138,806**	160,393,118

39.1. Details of associated Companies incorporated outside Pakistan with whom the Company had entered into transaction or had agreements are as follows:

Company Name	Country of Incorporation	Basis of association	Aggregate %age of Shareholding
NetSol Technologies Inc.	USA	Parent company	67.62%
NetSol Technologies (Thailand) Limited	Thailand	Associate	Nil
NetSol Technologies (Beijing) Co. Limited	China	Associate	Nil
NetSol Technologies Australia Pty. Limited	Australia	Associate	Nil
NetSol Technologies Americas Inc.	USA	Associate	Nil
NetSol Technologies Europe Limited	UK	Associate	Nil
OTOZ Thailand Limited	Thailand	Associate	Nil
Ascent Europe Limited	UK	Associate	Nil

39.2 Details of associated Companies/related parties with whom the group had entered into transaction or had agreements other than already disclosed in note 39.1 above are as follows:

Company Name	Basis of Relationship	Common directorship	Percentage of shareholding
NetSol Connect (Pvt) Limited	Associate	Yes	Nil
HospitAll (Pvt.) Ltd	Associate	No	Nil

40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Group's activities are exposed to a variety of financial risks. The Board of Directors of the holding company has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's overall risk management strategy seeks to minimize adverse effects from the unpredictability of financial markets on the Group's financial performance. The holding Company sets policies, strategies and mechanisms, which aim at effective management of these risks within its unique operating environment. The key financial risks include credit risk, liquidity risk, interest rate risk, and foreign currency risk.

Risk management is carried out in accordance with established policies and guidelines approved by the Board of Directors of the holding Company. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management objectives and policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

(a) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. Credit risk of the Group arises principally from the trade debts, loans and advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

	NOTE	2023	2022
		Rupees	
Financial assets			
Amortized cost			
Trade debts	40.1	5,662,695,808	2,515,749,609
Loans and advances		10,961,056	15,190,304
Security deposits		4,877,628	3,117,669
Other receivables		26,110,091	13,811,254
Due from related parties		466,456,679	449,781,283
Bank balances	40.2	2,622,123,259	3,779,113,193
		8,793,224,521	6,776,763,312

40.1 The Group does not have significant exposure to any individual customer. At 30 June, the company had 27 customers owing more than Rs. 5.6 billion. The Group has made allowances, where necessary, for potential losses on credits extended.

40.2 Bank balances are held only with reputable banks. The credit rating of banks holding balances is given below:

	Short term	Long term	Rating Agency
Askari Bank Limited	A1+	AA+	PACRA
MCB Bank Limited	A1+	AAA	PACRA
Samba Bank Limited	A1	AA	PACRA
Meezan Bank Limited	A-1+	AAA	JCR-VIS
Dubai Islamic Bank Pakistan Limited	AA	A-1+	JCR-VIS
Al Baraka Bank	A-1	A+	JCR-VIS
Habib Metro Bank Limited	A1+	AA+	PACRA
Bank Alfalah	A1+	AA+	PACRA
Bank Al Habib	A1+	AAA	PACRA

(b) Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group follows an effective cash management and planning policy to ensure availability of funds and to take appropriate actions for new requirements. Following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	2023			
	Carrying amount	Contractual cash flows	One year or less	Two to five years
	Rupees			
Non-derivative				
Financial liabilities				
Finance lease liability	4,326,441	4,978,085	3,960,108	1,017,977
Trade and other payables	701,399,680	701,399,680	701,399,680	-
Short-term borrowings	1,580,000,000	1,859,400,000	1,859,400,000	-
Long term borrowings	92,194,774	113,958,164	57,876,563	56,081,601
	2,377,920,895	2,679,735,929	2,622,636,351	57,099,578

	2022			
	Carrying amount	Contractual cash flows	One year or less	Two to five years
	Rupees			
Non-derivative				
Financial liabilities				
Finance lease liability	7,717,557	8,959,500	4,334,000	4,625,500
Trade and other payables	538,484,122	538,484,122	538,484,122	-
Short-term borrowings	1,580,000,000	1,718,825,753	1,718,825,753	-
Long term borrowings	214,028,018	250,068,000	146,853,000	103,215,000
	2,340,229,697	**2,516,337,375**	**2,408,496,875**	**107,840,500**

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 June. Rates of interest / mark - up and their maturities are given in the respective notes.

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short term borrowings from bank, lease liabilities, term deposits and deposits in profit and loss/saving accounts with banks and investments in mutual funds. The company mitigates its interest rate risk by investing available cash in mutual funds and bank deposits, generating more return compared to the finance cost. At the statement of financial position date profile of the Group's interest-bearing financial instrument is:

	2023	2022
	Rupees	
Financial assets		
Bank balances	**2,244,259,956**	3,516,632,184
Financial liabilities		
Finance lease liability	**4,326,441**	7,717,558
Long term loan	**92,194,774**	214,028,018
Short-term borrowings	**1,580,000,000**	1,580,000,000
	1,676,521,215	1,801,745,576

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates, with all other variables held constant, of the Group's profit net of tax.

Impact on Statement of Profit or Loss (net of tax)		
As at 30 June		
100 bps increase will result in increase in profit by	**2,931,478**	8,866,480
100 bps decrease will result in decrease in profit by	**2,931,478**	8,866,480

(d) Foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Group is exposed to foreign currency risk on trade debts, payables and revenues which are entered in a currency other than Pak Rupees. Majority of the revenue of the Group is currencies other than Pak Rupees. The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk is as follows:

	2023	2022
	Rupees	
Trade Debts	5,505,811,933	2,515,749,609
Cash & bank balances	576,286,260	657,684,899
Due from related parties	450,711,703	427,056,294
Due to related parties	-	(49,783,522)
Net Exposure	**6,532,809,896**	3,550,707,280

Sensitivity analysis

The following analysis demonstrates the impact of a 5% strengthening/weakening of the Pak Rupee against US$, RMB¥, Euro and other currencies including UK£, AUS$, HKD & THB at 30 June on equity and statement of profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2022.

	2023				
	Rupees				
	USD	**CNY**	**EUR**	**Others**	**Total**
Impact on statement of profit or loss (net of tax) as at 30 June					
Strengthening	(1,265,358,283)	(2,677,583,390)	(581,744,284)	(1,205,077,710)	(5,729,763,667)
Weakening	1,265,358,283	2,677,583,390	581,744,284	1,205,077,710	5,729,763,667

	2022				
	Rupees				
	USD	CNY	EUR	Others	Total
Impact on statement of profit or loss (net of tax) as at 30 June					
Strengthening	(854,763,279)	(945,447,821)	(317,955,748)	(171,434,106)	(2,289,600,954)
Weakening	854,763,279	945,447,821	317,955,748	171,434,106	2,289,600,954

(e) Fair value of financial assets and liabilities

The carrying values of financial assets and financial liabilities reported in statement of financial position approximate their fair values.

f) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market. The company is not exposed to significant other price risk as its investments are stated at cost.

40.3 **Financial Instruments By category**	2023	2022
Financial assets at amortized cost	Rupees	
Trade debts	5,662,695,808	2,515,749,609
Loans and advances	10,961,056	15,190,304
Security deposits	4,877,628	3,117,669
Other receivables	26,110,091	13,811,254
Due from related parties	466,456,679	449,781,283
Bank balances	2,622,123,259	3,779,113,193
	8,793,224,521	6,776,763,312
Financial liabilities at amortized cost		
Finance lease liability	4,326,441	7,717,558
Trade and other payables	579,494,422	538,484,122
Long-term borrowings	92,194,774	214,028,018
Short-term borrowings	1,580,000,000	1,580,000,000
	2,256,015,637	2,340,229,698

41. DISCLOSURE REQUIREMENT FOR THE COMPANIES LISTED ON ISLAMIC INDEX

Loans/advances obtained as per Islamic mode	Disclosed in Note no. 24
Shariah compliant bank deposits/bank balances	Disclosed in Note no. 16
Profit earned from Shariah compliant bank deposits/bank balances;	Disclosed in Note no. 32
Revenue earned from a Shariah compliant business segment;	Disclosed in Note no. 28
Gain/loss or dividend earned from Shariah compliant investments;	Disclosed in Note no. 32
Exchange gain earned;	N/A
Mark up paid on Islamic mode of financing;	Disclosed in Note no. 34
Relationship with Shariah compliant banks	Disclosed in Note no. 24
Profits earned or interest paid on any conventional loan or advance	Disclosed in Note no. 32 & 34

42. PROVIDENT FUND RELATED DISCLOSURE

A joint provident fund is maintained by NetSol Group. The following information is based on the latest financial statements of the fund:

	2023	2022
	Rupees	
Size of the fund - Total assets	1,699,899,525	1,483,421,335
Cost of investment made	1,197,675,506	1,034,491,724
Percentage of investment as size of fund	70%	70%
Fair value of investments	1,246,389,530	1,095,135,225

42.1 The breakup of fair value of investments is

	2023		2022	
	Investments	Percentage of investment as size of fund	Investments	Percentage of investment as size of fund
Bank Balances	507,579,010	30%	410,587,858	28%
Investment in Government Securities	543,307,698	32%	93,001,156	6%
Investment in Listed Equity Securities	-	-	237,870,133	16%
Others	146,788,798	8%	293,032,577	20%
	1,197,675,506	70%	1,034,491,724	70%

42.2 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

43. NUMBER OF EMPLOYEES

	2023	2022
	No. of Employees	
Average number of employees during the year	1,627	1,349
Number of employees as at year end	1,514	1,520

44. ANNUAL SOFTWARE DEVELOPMENT CAPACITY

The Group is engaged in Software development, subscription and support and licensing. Due to complicated nature of the software development process annual development capacity can not be determined.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

45. SEGMENT REPORTING

For Management purposes, the Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different to industries.

The Group measures the performance of its operating segments through a measure of segment's gross profit or loss referred to as segment results. Segment results are determined by deducting directly attributable segment expenses from segment revenues. The accounting policies of the reportable segments are the same as that of the Group's accounting policies. This measure is reported to the CODM for the purposes of resource allocation and assessment of performance. All other expenses are reported separately to CODM.

Intersegment revenue is recorded at fair market price.

Segment assets and liabilities are not regularly provided to the CODM. The Group has elected as provided under IFRS 8 'Operating Segments' (amended) not to disclose a measure of segment assets or liabilities where these amounts are not regularly provided to the CODM.

With respect to geographical regions, revenue is generally allocated to regions based on the location where the products and services are provided.

Fixed assets used in the business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made.

Reportable segments

The CODM has identified the segments which may earn revenues and incur expenses and whose operating results are subject to regular monitoring. Following are identified segments.

(i) Product based solutions and ancillary services (PBS)

The Group is primarily engaged in the selling of licenses of its state-of-the-art NFS Ascent and NFS Digital, its customization and subscription and support. This segment provides worldwide services but mainly operates in Asia Pacific region.

(ii) Professional services (PS)

The Group globally offers a technical consultancy, web development, app development, digital marketing & cloud services to organizations in different regions in order to enable them to meet their business objectives.

(iii) Business process outsourcing (BPO)

The Group provides IT Related Outsourcing services mainly in the USA and European regions.

Except as indicated above, no operating segments have been aggregated to form the above reportable.

46. **SEGMENT REVENUES AND RESULTS**

Following is an analysis of the Group's revenue and results by reportable segment.

	2023			
	PBS	PS	BPO	Total
	Rupees			
Revenue - net				
External sales				
License	416,020,409	-	-	416,020,409
Services	3,324,264,655	125,134,372	73,281,663	3,522,680,690
Subscription and Support	3,849,115,116	-	-	3,849,115,116
Total revenue	7,589,400,180	125,134,372	73,281,663	7,787,816,215
Cost of revenue	(5,341,312,397)	(228,985,504)	(67,904,601)	(5,638,202,502)
Segment results	2,248,087,783	(103,851,132)	5,377,062	2,149,613,713
Unallocated corporate expenses:				
Selling and promotion expenses				(777,152,982)
Administrative expenses				(1,368,915,568)
Other income				1,998,473,611
Other operating expenses				(547,234,324)
Finance cost				(189,812,916)
Share of loss from associate				(33,686,884)
Taxation				(192,831,775)
Profit after taxation				1,038,452,875

	2022			
	PBS	PS	BPO	Total
	Rupees			
Revenue - net				
External sales				
License	903,520,676	-	-	903,520,676
Services	1,869,536,861	99,967,759	131,232,858	2,100,737,478
Subscription and Support	3,181,029,444	-	-	3,181,029,444
Total revenue	5,954,086,981	99,967,759	131,232,858	6,185,287,598
Cost of revenue	(3,901,408,381)	(104,198,708)	(99,039,950)	(4,104,647,039)
Segment results	2,052,678,600	(4,230,949)	32,192,908	2,080,640,559
Unallocated corporate expenses:				
Selling and promotion expenses				(576,069,635)
Administrative expenses				(983,392,191)
Other income				1,073,287,432
Other operating expenses				(357,160,750)
Finance cost				(59,245,569)
Share of loss from associate				(165,704,147)
Taxation				(140,038,619)
Profit after taxation				872,317,080

*Key

PBS = Product Based Solutions and Ancilliary Services

PS = Professional Services

BPO = Business Process Outsourcing

Segment assets and liabilities are not regularly provided to the CODM. The Group has elected as provided under IFRS 8 'Operating Segments' (amended) not to disclose a measure of segment assets or liabilities where these amounts are not regularly provided to the CODM.

46.1 Revenue by geographic regions

The revenue is generated from clients in following geographical regions:

	Pakistan	Asia Pacific	Australia & USA	UK	Others	Total
2023	**153,906,794**	**4,980,771,890**	**1,885,777,132**	**578,819,095**	**188,541,304**	**7,787,816,215**
2022	193,152,363	4,320,401,572	1,078,350,409	232,507,063	360,876,191	6,185,287,598

Asia Pacific includes: China, Thailand, Japan, Taiwan & Korea; Australia & USA includes Australia, New Zealand & USA; Others include Middle East and South Africa.

46.2 Revenue from major customers

The revenue from major customer during the year was Rs. 3,663 million (2022: Rs. 2,931 million).

46.3 Non current assets

Net book value of non-current assets held in foreign countries is Rs. Nil (2022 : Rs. Nil).

47. CORRESPONDING FIGURES

Corresponding figures have been wherever re-classified, re-arranged, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant re-arrangement / reclassifications have been made in these financial statements except for:

From	Rupees	To
Share Capital (Note 18)	20,000,000	Reserves (Note 19)
Un - appropriated profit (Note 19)	164,738,875	Treasury Share Reserve (Note 19)
Vehicle running & maintenance - Cost of revenue (Note 29)	59,414,000	Salaries & benefits - Cost of revenue (Note 29)
Vehicle running expenses - Selling and promotion expenses (Note 30)	5,217,000	Salaries & benefits - Selling and promotion expenses (Note 30)
Vehicle running expenses - Administrative expenses (Note 31)	18,705,000	Salaries & benefits - Administrative expenses (Note 31)
Administrative Expenses -Depreciation (Note 31)	13,793,082	Selling and promotion expenses- Depreciation (Note 30)
Administrative Expenses -Amortization of leased assets (Note 31)	631,915	Selling and promotion expenses- Amortization of leased assets (Note 30)
Cost of Revenue - Depreciation (Note 29)	336,901	Selling and promotion expenses- Depreciation (Note 30)

48. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 21, 2023 by the Board of Directors.

49. GENERAL

Figures have been rounded off to the nearest rupees unless otherwise stated. Previously, the figures were rounded off to the nearest thousand rupees. Due to the change in presentation of financials, there are slight changes in figures but they have no material impact. However, overall financial results remain unchanged.

CHIEF EXECUTIVE OFFICER　　DIRECTOR　　CHIEF FINANCIAL OFFICER

Form of Proxy

I/We____

(Name)

Of____

(Place)

being a member(s) of *NETSOL TECHNOLOGIES LIMITED* hereby appoint

____

(Name and Folio No. / Participant Account No. & Sub-Account No.)

Of____

(Place)

who is also a member of the Company, as my/our proxy to attend and vote on my/our behalf at the Annual General Meeting of the Company to be held at the Registered Office of the Company situated at NetSol IT Village(Software Teechnology park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt., and virtually on Wednesday October 25, 2023 at 11:00 a.m. and at any adjournment thereof.

Signed at_______________this_______________Day of _____________2023.

Witness 1:

Signature: ____________________

Name: ____________________

Address: ____________________

____

CNIC or
Passport No.____________________

Fifty Rupees
Revenue Stamp

Witness 2 :

Signature: ____________________

Name: ____________________

Address: ____________________

____

CNIC or
Passport No.____________________

Signature of Member(s)

Shareholder's Folio No.________________

and/or Participant I.D. No.____________

Note:

1) This form of proxy, in order to be effective, must be deposited duly completed, at the Company's registered Office at NetSol Technologies Limited, NetSol IT Village (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. not less than 48 hours before the time of holding the meeting.

2) A Proxy must be a member of the Company. Signature should agree with the specimen registered with the Company.

Second Fold

Affix Revenue Stamp

The Company Secretary

NetSol Technologies Limited

NetSol IT Village (Software Technology Park)
Lahore Ring Road, Ghazi Road Interchange
Lahore Cantt. 54792, Pakistan.

Third Fold and Tuck In

First Fold

پراکسی فارم

میں مسمّی / مسماۃ ____________________
(نام)

ساکن ____________________
(جگہ)

بحیثیت **نیٹ سول ٹیکنالوجیز لمٹیڈ** کا ایک ممبر یہاں

مسمّی / مسماۃ ____________________
(نام اور فولیو نمبر / پارٹیسپنٹ اکاؤنٹ نمبر اور سب اکاؤنٹ نمبر)

ساکن ____________________
(جگہ)

جو کہ کمپنی کا ایک ممبر بھی ہے، کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تا کہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاس عام جو مورخہ 25 اکتوبر 2023ء بروز بدھ صبح 11:00 بجے بمقام کمپنی کے رجسٹرڈ آفس واقع نیٹ سول ٹیکنالوجیز لمٹیڈ نیٹ سول آئی ٹی ولیج (سوفٹ ویئر ٹیکنالوجی پارک) لاہور رنگ روڈ غازی روڈ انٹرچینج لاہور کینٹ اور بذریعہ ویڈیو لنک منعقد یا کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط کی جگہ ______ تاریخ ______ دن ______ 2023ء

گواہی نمبر ۱

دستخط: ____________________

نام: ____________________

پتہ: ____________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ

یا پاسپورٹ نمبر: ____________________

پچاس روپے کی رسیدی ٹکٹ

گواہی نمبر ۲

دستخط: ____________________

نام: ____________________

پتہ: ____________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ

یا پاسپورٹ نمبر: ____________________

ممبر کے دستخط: ____________________

فولیو نمبر: ____________________

اور یا پارٹیسپنٹ آئی۔ڈی نمبر: ____________________

نوٹ:۔

۱) پراکسی فارم ہر لحاظ سے مکمل اور موثر ہونی چاہیے اور اسے کمپنی کے رجسٹرڈ آفس واقع نیٹ سول ٹیکنالوجیز لمٹیڈ نیٹ سول آئی ٹی ولیج (سوفٹ ویئر ٹیکنالوجی پارک) لاہور رنگ روڈ غازی روڈ انٹرچینج لاہور کینٹ میں کم از کم اجلاس سے ۴۸ گھنٹے قبل جمع کرانا ہوگا۔

۲) پراکسی کمپنی کا ممبر ہوں۔ دستخط کمپنی کے ریکارڈ شدہ نمونہ سے تصدیق ہو۔

Second Fold

Affix Revenue
Stamp

The Company Secretary

NetSol Technologies Limited

NetSol IT Village (Software Technology Park)
Lahore Ring Road, Ghazi Road Interchange
Lahore Cantt. 54792, Pakistan.

First Fold

Third Fold and Tuck In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Technologies Limited

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