



For the year ended June 30, 2022



**Grant Thornton**

**An instinct for growth<sup>TM</sup>**

**Grant Thornton Anjum Rahman**  
Chartered Accountants

## **DIRECTORS REPORT**

On behalf of the Board of Directors of the company, it gives me immense pleasure to present the Annual Report together with audited financial statements of the Company for the year ended June 30, 2022.

### **Economic Overview**

On the economic side, FY22 remained a challenging year, beginning of global economic slowdown as the world economies began to experience the effects of the commodity super-cycle with prices surging owing to a combination of supply side pressures and rising energy prices. Pakistan faced mounting inflationary pressures with CPI rising to 21.32% in June 2022 averaging 12.1% in FY22 against 8.90% recorded in the prior year. Economic growth momentum continued in FY22, posted 5.97% GDP growth this was contributed mainly by the manufacturing sector (FY22: 9.80% vs FY21: 10.52%) on the back of robust activity across all cyclical sectors, agriculture sector also accelerated to (FY22: 4.40% vs FY21: 3.48%) recorded a year earlier, services sector shows growth of (FY22: 6.19% vs FY21: 6.00%). Tax revenues also remained robust rising 28% YoY to PKR 6.76trn with FBR revenues of PKR 6.05trn (+29% YoY).

Pakistan's external account situation has been vulnerable due to the sky-high commodities prices. Total current account deficit for the outgoing year was recorded at USD 17.4 bn (5% of GDP) compared to USD 2.8 bn (0.9% of GDP). As a result, forex reserves fell to US\$ 9.8bn as of June 30, 2022 with PKR depreciating 22.9% against the US\$ during the outgoing fiscal year. The high current account deficit together with rising inflationary pressures forced the central bank to change policy direction with a cumulative 675 bps of monetary tightening to 13.75% during FY22.

### **Market Overview**

Domestic stocks suffered during the out-going year due to external account deficit, rising inflationary pressures, commodity super cycle, increased political noise and change in political leadership. Delays in approval of IMF's sixth and seventh review and reclassification from the MSCI Emerging Markets to Frontier Markets further weakened market sentiment.

The benchmark KSE-100 index closed FY22 at 41,541 points, down 12.28% / 5,815 points YoY. KSE-100 index took a dive from around 46,540 level to 40,880 after the announcement of the budget 2022-2023 that have negative impact on the market. The market participation remained lackluster with average volumes down 44.76% YoY to 291 million shares while average traded value declined 54.69% to US\$ 55 million. Technology (-48% YoY), Refinery (-47% YoY) Cements (-44% YoY), Engineering (-40% YoY), Textiles (-30% YoY), Paper and Board (-28% YoY), Tobacco (-27% YoY) Pharmaceuticals (-24% YoY), and Oil marketing (-18% YoY) etc. were major underperformers during FY22. In contrast, Chemicals (+37% YoY), Autos (+11% YoY), Fertilizers (+10% YoY), Oil and gas exploration (+0.1% YoY) and Commercial Banks (-6% YoY) etc. remained noticeable outperformers. Foreign investors remained net sellers for the seventh consecutive year with a net outflow of US\$ 298 million (FY21: US\$ 387 million).



### Company's Financial Overview

The Company posted operating revenue of Rs. 63.4mn during the period under review as compared to last year's Rs. 105.4mn. Before and after-tax (loss)/profit stood at Rs. (31)mn and Rs. (30.2)mn respectively, as compared to last year of Rs. 228.3mn and 182.2mn respectively. The equity of the Company as at the balance sheet date is Rs. 433.3mn (June 2021: Rs. 463.5mn), which translates into book value per share of Rs. 36.11 (June 30, 2021: Rs. 38.63).

	2022	2021
	Rupees	Rupees
Operating Revenue – net	63,482,642	105,468,252
(Loss) / Profit before tax	(31,007,044)	228,307,353
(Loss) / Profit after tax	(30,245,473)	182,233,573
(Loss) / Earning per shares	(2.52)	15.18

Broking operations have posted a total revenue of Rs. 63.4 mn in FY22, which is -39.81% when compared with FY21. Institutional and retail revenues decreased by 37.37% and 40.87% respectively. On the other hand, operating and administrative have been increased by 11.52%.

### Management Rating

The Company has been assigned a management rating of BMR2 by the VIS Credit Rating Company Limited (VIS). The outlook on the assigned ratings is 'Stable'. The rating signifies strong compliance and risk management and sound external control, HR & infrastructure and financial management. Regulatory requirement & supervision, internal controls and client relationship are considered adequate.

### Entity Rating

The Company has been assigned entity ratings of 'BBB+/A-2' (Triple B Plus/A-Two) by VIS Credit Rating Company Ltd. (VIS). The outlook on the assigned ratings is 'Stable'. This certification defines Adequate credit quality, Protection factors are reasonable and protected, Liquidity factors and company fundamentals are sound provides further confidence to the company's clientele with regards to the credibility and stability of the company.

### Future Prospects

Overall direction of Pakistan' macroeconomic indicators is largely dependent on the trends in international commodities prices including food and energy prices, policy actions of the Government and the SBP. The Management feels that the value of equity securities is currently at an extremely attractive level and coupled with the recent approval of the IMF program, the market is only set to stabilize; contributing to a better equity return. This will also help in the growth of Company's core income from financial services.



**Recommendation**

The directors have not recommended any payout due, as the capital would be used for future expansion purposes.

**Auditors**

The auditors M/s. Grant Thornton Anjum Rahman., Chartered Accountants have retired and being eligible offer themselves for reappointment.

Karachi the: **October 6, 2022**

  
\_\_\_\_\_  
Mr. Zubair Ghulam Hussain  
Chief Executive Officer  
\_\_\_\_\_  
Mr. Muhammad Amin  
Director

## CORPORATE GOVERNANCE

### BOARD OF DIRECTORS

An effective board established comprising of 03 directors, responsible for ensuring long-term success and for monitoring and evaluating the managements performance. The composition of board is as follows:

Mr. Zubair Ghulam Hussain	Executive Director
Mr. Muhammad Amin	Non-Executive Director
Mrs. Munira Ghulam Hussain	Non-Executive Director

### BOARD RESPONSIBILITIES, POWERS AND FUNCTION

Each member of the Board is fully aware of the responsibilities as an individual member as well as the responsibilities of all members together as a board. The Board actively participates in all major decisions of the Company including but not limited to approval of capital expenditure budgets, investments, related party transactions and appointment of key personnel. The Board also monitors the Company's operations by approval of financial statements, review of internal and external audit observations, if any and recommendation of dividend. The Board has devised formal policies for conducting business and ensures their monitoring through an independent outsourced Internal Auditors which continuously monitors adherence to Company Policies.

The following policies has approved by the board.

- Internal Code of Conduct
- Whistleblower Policy
- Customer Complaint, Grievances & Conflict Resolution Policy
- Risk and Compliance Policy
- Segregation of Customer Assets from Securities Broker Assets.

### BOARD MEETINGS

The meeting of the 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 board.



## COMMITTEES OF BOARD

The board has formed following committees and their Term of References.

- Audit Committee
- Investment Committee

## RELATED PARTY TRANSACTION

The Company has provided detailed information on related party transactions in its financial statements annexed to this Annual Report. This disclosure complies with the requirements of Companies Act, 2017 and the relevant International Financial Reporting Standards.

## AUDITORS

The company is registered as Trading and Self Clearing category of Securities broker under Securities Broker Licensing and Operations 2016 and appointed Grant Thornton Anjum Rahman as their external auditor which are enlist within "A" category of State Bank of Pakistan's Panel of Auditors.

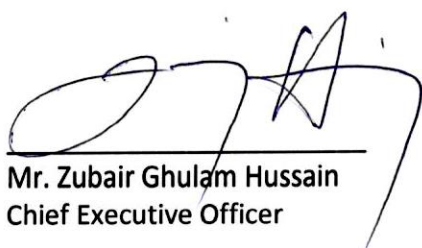
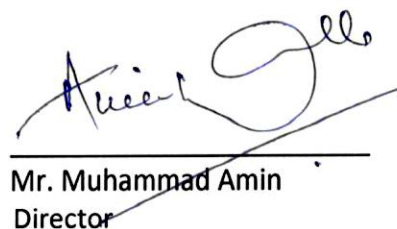
## COMPLIANCE STATEMENT

We hereby confirm that there are no transactions entered into by the Insight Securities during the year 2021 - 2022, which are fraudulent, illegal or in violation of any securities market laws.

## COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We confirm that the company is in compliance with the Code of Corporate Governance required under Securities Broker Licensing and Operations 2016.

Karachi the: October 6, 2022

  
Mr. Zubair Ghulam Hussain  
Chief Executive Officer  
Mr. Muhammad Amin  
Director

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**Grant Thornton Anjum  
Rahman**

1st & 3rd Floor,  
Modern Motors House,  
Beaumont Road,  
Karachi, Pakistan.

## **INDEPENDENT AUDITOR'S REPORT**

**To the members of Insight Securities (Private) Limited**

**Report on the Audit of the Financial Statements**

**T +92 21 35672951-56**

### **Opinion**

We have audited the annexed financial statements of **Insight Securities (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 2022, 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, 2022 and of the loss 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.

### **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 director's report, but does not include the financial statements and our auditor's report thereon.

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



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

### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to



continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### **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) the Company was in compliance with the requirements of section 78 of the Securities Act, 2015 and section 62 of the Futures Market Act, 2016 and the relevant requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the statement of financial position was prepared;
- d) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- e) 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 Khalid Aziz**.



Chartered Accountants

Karachi

Dated: October 07, 2022

UDIN: AR202210154ZPDWNlmGs


**Insight Securities (Private) Limited**  
**Financial statements**  
**For the year ended June 30, 2022**



**INSIGHT SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2022**

	Note	2022 -----Rupees-----	2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	24,644,584	4,511,484
Intangible assets	6	2,500,000	2,500,000
Long term deposits	7	1,695,826	1,656,500
<b>Total non-current assets</b>		<b>28,840,410</b>	<b>8,667,984</b>
<b>Current assets</b>			
Trade debts	8	22,878,575	36,392,940
Trade deposits and short term prepayments	9	25,218,680	65,179,682
Other receivables	10	2,209,213	4,562,339
Loans and advances	11	541,000	4,793,000
Short term investments	12	363,220,999	389,194,126
Taxation - net	18	8,323,268	-
Cash and bank balances	13	65,233,566	271,553,935
<b>Total current assets</b>		<b>487,625,301</b>	<b>771,676,022</b>
<b>TOTAL ASSETS</b>		<b>516,465,711</b>	<b>780,344,006</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Share capital and reserves</b>			
<b>Authorized share capital</b>			
12,000,000 (2021: 12,000,000) ordinary shares of Rs.10 each		120,000,000	120,000,000
Issued, subscribed and paid-up share capital	14	120,000,000	120,000,000
Total reserves		313,343,496	343,588,969
<b>Total equity</b>		<b>433,343,496</b>	<b>463,588,969</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	15	-	1,342,292
Deferred liability - staff gratuity	16	6,977,550	-
		6,977,550	1,342,292
<b>Current liabilities</b>			
Trade and other payables	17	76,144,665	311,174,038
Taxation - net	18	-	4,238,707
<b>Total current liabilities</b>		<b>76,144,665</b>	<b>315,412,745</b>
<b>Total shareholders' equity and liabilities</b>		<b>516,465,711</b>	<b>780,344,006</b>
<b>Contingencies and commitments</b>			
	19		

The annexed notes 1 to 32 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

**INSIGHT SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

		2022	2021
	Note	-----Rupees-----	
Operating revenue		71,735,405	119,179,137
Less: Sales tax		(8,252,763)	(13,710,885)
Operating revenue - net	20	63,482,642	105,468,252
Operating and administrative expenses	21	(67,360,728)	(60,404,640)
Impairment loss on trade debts	8.1	(373,072)	(46,676)
		(4,251,158)	45,016,936
Other income	22	29,343,098	176,981,454
Bank charges		(80,491)	(78,196)
		25,011,449	221,920,194
Unrealized (loss)/gain on re-measurement of investments at fair value through profit or loss - net	12.1	(56,018,493)	6,387,159
(Loss)/profit before taxation		(31,007,044)	228,307,353
Taxation	23	761,571	(46,073,780)
(Loss)/profit for the year		(30,245,473)	182,233,573

The annexed notes 1 to 32 form an integral part of these financial statements.

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**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**



**INSIGHT SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021
	-----Rupees-----	
(Loss)/profit for the year	(30,245,473)	182,233,573
Other comprehensive income :		
<i>Items that may be reclassified subsequently to     statement of profit or loss</i>	<div>-</div>	<div>-</div>
<i>Items that will not be reclassified subsequently to     statement of profit or loss</i>	<div>-</div>	<div>-</div>
	-	-
Total comprehensive (loss)/income for the year	<u>(30,245,473)</u>	<u>182,233,573</u>

The annexed notes 1 to 32 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

  
DIRECTOR

**INSIGHT SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 -----Rupees-----	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before taxation		(31,007,044)	228,307,353
<b>Adjustments for non-cash items:</b>			
Depreciation		4,470,739	920,396
Loss on sale of property and equipment		91,117	-
Unrealized loss/(gain) on re-measurement of investments at fair value through profit or loss - net		56,018,493	(6,387,159)
Net capital loss/(gain) on sale of short term investments		5,922,621	(159,990,659)
Allowance for expected credit loss		373,072	46,676
Gain on foreign currency transactions		-	(2,152)
Dividend income		(26,871,324)	(13,833,059)
Provision of gratuity expense		6,977,550	-
Bank charges		80,491	78,196
		47,062,759	(179,167,761)
<b>Operating cash flows before changes in working capital</b>		<b>16,055,715</b>	<b>49,139,592</b>
<b>Decrease/(increase) in current assets</b>			
Trade debts		13,141,293	8,108,442
Trade deposits and short-term prepayments		39,961,002	(38,902,659)
Other receivables		2,353,126	(2,822,786)
Loans and advances		4,252,000	(787,500)
<b>(Decrease)/increase in current liabilities</b>			
Trade and other payables		(235,029,373)	245,585,774
		(175,321,952)	211,181,271
<b>Cash (used in)/generated from operations</b>		<b>(159,266,237)</b>	<b>260,320,864</b>
Income tax paid		(13,142,696)	(39,848,118)
Bank charges paid		(80,491)	(78,196)
<b>Net cash (used in)/generated from operating activities</b>		<b>(172,489,424)</b>	<b>220,394,549</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Property and equipment - net		(24,694,956)	(1,741,143)
Long term deposits		(39,326)	-
Dividend received		26,871,324	13,833,059
Short term investments - net		(35,967,987)	(5,609,567)
<b>Net cash (used in)/generated from investing activities</b>		<b>(33,830,945)</b>	<b>6,482,349</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(206,320,369)</b>	<b>226,876,898</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>271,553,935</b>	<b>44,677,037</b>
<b>Cash and cash equivalents at the end of the year</b>	13	<b>65,233,566</b>	<b>271,553,935</b>

The annexed notes 1 to 32 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**



**INSIGHT SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Issued, subscribed and paid-up share capital	Unappropriated profit	Total shareholders' equity
	-----Rupees-----		
<b>Balance as at July 01, 2020</b>	120,000,000	161,355,396	281,355,396
Profit for the year	-	182,233,573	182,233,573
Other comprehensive income	-	-	-
Total comprehensive income	-	182,233,573	182,233,573
<b>Balance as at June 30, 2021</b>	<b>120,000,000</b>	<b>343,588,969</b>	<b>463,588,969</b>
Loss for the year	-	(30,245,473)	(30,245,473)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(30,245,473)	(30,245,473)
<b>Balance as at June 30, 2022</b>	<b>120,000,000</b>	<b>313,343,496</b>	<b>433,343,496</b>

The annexed notes 1 to 32 form an integral part of these financial statements.

*CPA*

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**