

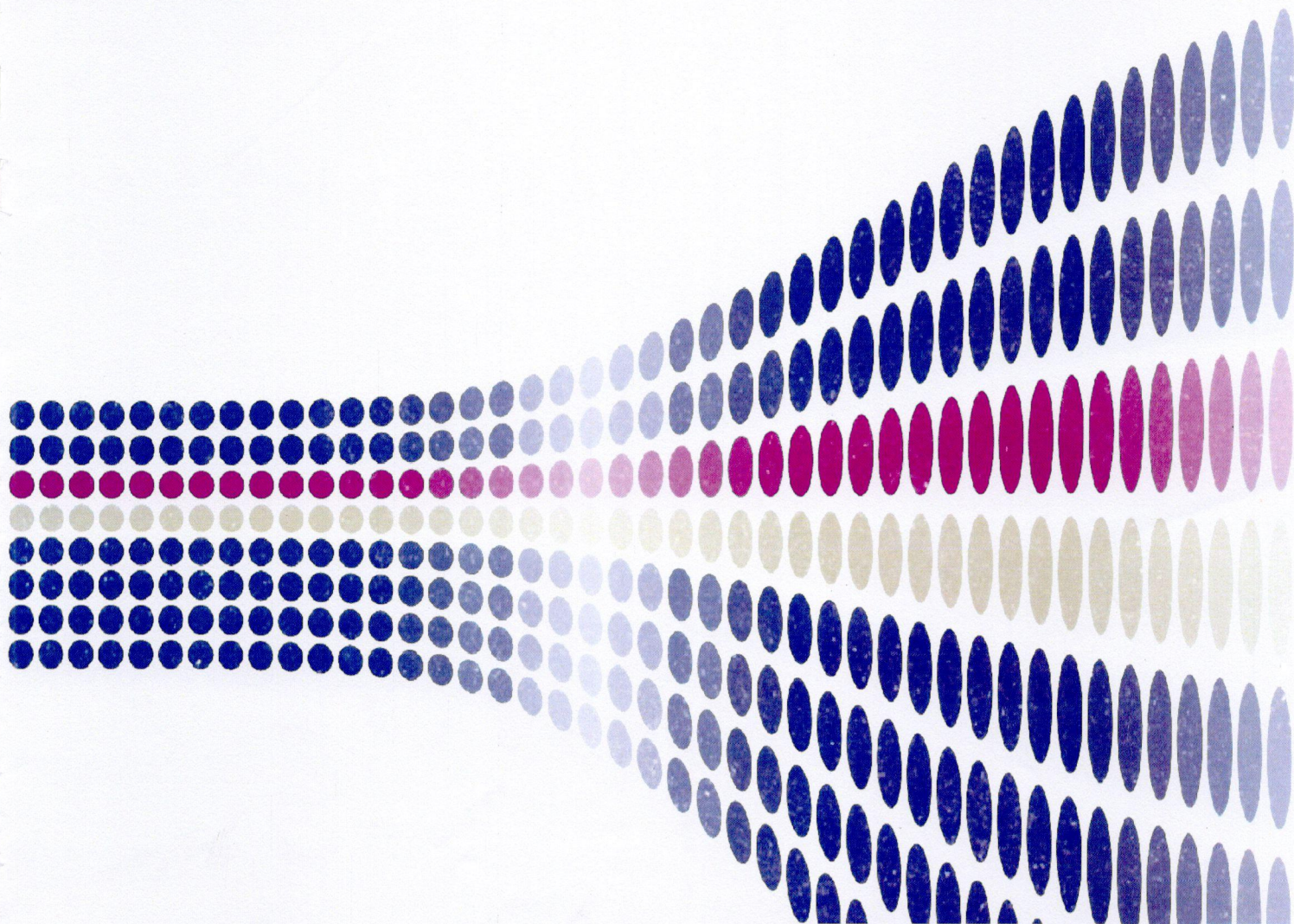
Financial Statements and Auditors' Report

Insight Securities (Private) Limited
For the year ended June 30, 2023



Grant Thornton

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, 2023.

Economic Overview

On the economic side, FY23 remained a stressful year for Pakistan, where real GDP growth down to 0.3% from 5.8%. Pakistan's economic landscape presented significant challenges. These challenges were marked by a notable sharp increase in inflation, followed by very high interest rates. The value of the Rupee remained under tremendous pressure throughout the year fueling sharp inflation. During the year forex reserves also remained under pressure adversely affecting business confidence and slowed GDP growth. However, on the last day of the outgoing fiscal year, Pakistan entered a new nine-month Stand-By Arrangement program with the IMF, amounting to USD 3 billion, providing a much-needed immediate uplift to the economic situation.

Going forward, securing IMF program and external financing for debt repayments, managing inflation and stimulating growth critical challenges for the government. The SBP has raised policy rate to 22% in emergency meeting held towards the end of June. The SBP remains committed to take more proactive policy measures to control inflation and inflation expectations. Moreover, the abrupt increase in the PKR/USD exchange rate, driven by increased political and economic uncertainty, along with the widening gap between the official and unofficial exchange rates, has had a detrimental impact on official remittance flows.

Market Overview

During the year under review, the benchmark KSE100 Index remained volatile due to macroeconomic uncertainties. The benchmark KSE-100 remain dull and closed almost flat FY23 at 41,453 points, down 0.2% / 88 points YoY. The KSE100 Index made high of 43,888 during the period on successful completion of combined 7th & 8th reviews of the IMF. The delay in 9th review put pressure on the exchange rate and management of external account which results falling in index to 38,136 low during the period.

The market participation remained lackluster with average volumes down 34.3% YoY to 191.8 million shares while average traded value declined 36.6% to 6.1 billion. Pharmaceuticals (-40% YoY), Refinery (-31% YoY), Engineering (-30% YoY), Automobile Parts & Accessories (-28% YoY), Tobacco (-26% YoY), Automobile Assembler (-26% YoY), Textile Spinning (-23% YoY) and Glass & Ceramics (-20%YoY) etc. were major underperformers during FY23. In contrast, Chemical (+16% YoY), Sugar & Allied industries (+13% YoY), Cement (+8% YoY) and Technology & Communication (+1% YoY) etc. remained noticeable outperformers. After seven consecutive year of net seller, Net inflows was witnessed from Foreign investors who bought US\$ 1.5 million (FY22: US\$ -298 million). Participants from local side Banks, Companies, individuals, and Other Organizations were net buyers and Mutual Funds and Insurance Companies were seller during the year.

Company's Financial Overview

The Company posted operating revenue of Rs. 39.9mn during the period under review as compared to last year's Rs. 63.4mn. Before and after-tax (loss)/profit stood at Rs. (38.5)mn and Rs. (44.3)mn respectively, as compared to last year of Rs. (31)mn and (30.2)mn respectively. The equity of the Company as at the balance sheet date is Rs. 389mn (June 2022: Rs. 433.3mn), which translates into book value per share of Rs. 32.42 (June 30, 2022: Rs. 36.11).

	2023	2022
	Rupees	Rupees
Operating Revenue – net	39,982,768	63,482,642
(Loss) / Profit before tax	(38,561,134)	(31,007,044)
(Loss) / Profit after tax	(44,332,116)	(30,245,473)
(Loss) / Earning per shares	(3.69)	(2.52)

Broking operations have posted a total revenue of Rs. 39.9 mn in FY23, which is -37.02% when compared with FY22. Institutional and retail revenues decreased by 24.18% and 48.49% respectively. On the other hand, operating and administrative have been decreased by 25.06%.

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 SBP. The Management feels that equity market is currently at an extremely attractive level and coupled with the recent approval of IMF program, the market is only set to stabilize; contributing to a better equity return. With Inflation likely to be on a downward trajectory post Sep'23, equity market would rejoice and volumes are likely to make a comeback.


Recommendation

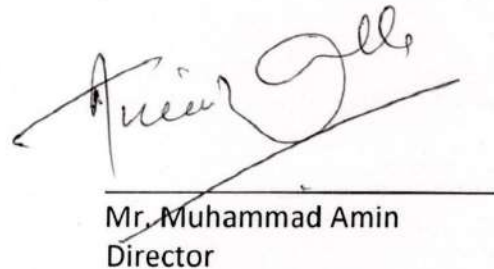
The directors have not recommended any payout due, as the capital would be used for future expansion purposes.

Auditors

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

Karachi the: October 5, 2023



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.

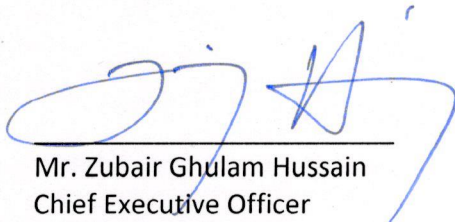
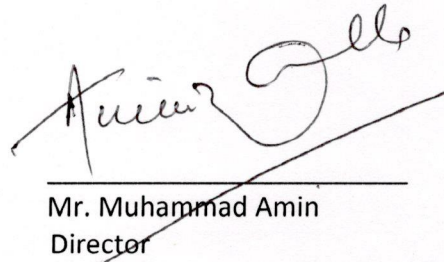
COMPLIANCE STATEMENT

We hereby confirm that there are no transactions entered into by the Insight Securities during the year 2022 - 2023, 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 5, 2023**


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

INDEPENDENT AUDITOR'S REPORT

To the members of Insight Securities (Private) Limited

Report on the Audit of the Financial Statements

**Grant Thornton Anjum
Rahman**

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

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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, 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 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.

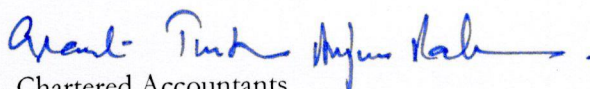
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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



Chartered Accountants

Karachi

Dated: October 6, 2023

UDIN: AR202310154SQsd6CRw9

INSIGHT SECURITIES (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

INSIGHT SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 -----Rupees-----	2022
ASSETS			
Non-current assets			
Property and equipment	5	20,293,771	24,644,584
Intangible assets	6	3,566,666	2,500,000
Long term deposits	7	1,695,826	1,695,826
		25,556,263	28,840,410
Current assets			
Trade debts	8	69,677,772	22,878,575
Trade deposit and short term prepayments	9	17,164,468	25,218,680
Loans and other receivables	10	3,733,182	2,750,213
Short term investments	11	329,930,452	363,220,999
Taxation - net	16	9,201,621	8,323,268
Cash and bank balances	12	33,242,691	65,233,566
		462,950,186	487,625,301
Total Assets		488,506,449	516,465,711
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized Share Capital		120,000,000	120,000,000
12,000,000 (2022: 12,000,000) ordinary shares of Rs.10 each			
Issued, subscribed and paid-up share capital	13	120,000,000	120,000,000
Unappropriated profit		269,011,380	313,343,496
Total shareholders' equity		389,011,380	433,343,496
LIABILITIES			
Non-current liabilities			
Deferred liability - staff gratuity	14	8,894,015	6,977,550
Current liabilities			
Trade and other payables	15	90,601,054	76,144,665
Total shareholders' equity and liabilities		488,506,449	516,465,711

Contingencies and Commitments

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The annexed notes 1 to 30 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

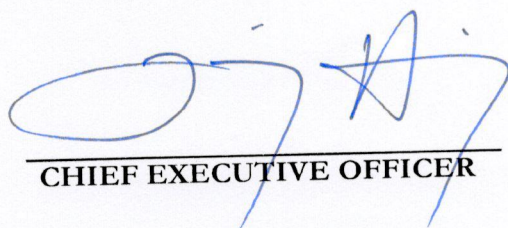

DIRECTOR

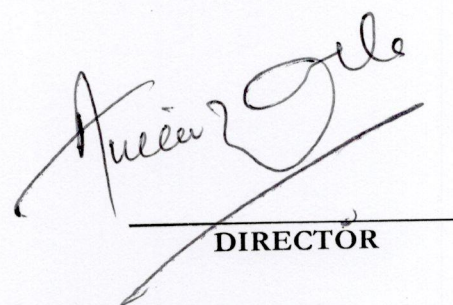
INSIGHT SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

		2023	2022
	Note	-----Rupees-----	
Operating revenue - net	18	39,982,768	63,482,642
Unrealized loss on re-measurement of investments at fair value through profit or loss - net	11.1	(57,988,266)	(56,018,493)
Operating and administrative expenses	19	(50,480,681)	(67,360,728)
Impairment loss on trade debts	8.1	(982,748)	(373,072)
		<u>(69,468,927)</u>	<u>(60,269,651)</u>
Other income	20	30,992,713	29,343,098
Bank charges		(84,920)	(80,491)
Loss before taxation		<u>(38,561,134)</u>	<u>(31,007,044)</u>
Taxation	21	(5,770,982)	761,571
Loss for the year		<u><u>(44,332,116)</u></u>	<u><u>(30,245,473)</u></u>

The annexed notes 1 to 30 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

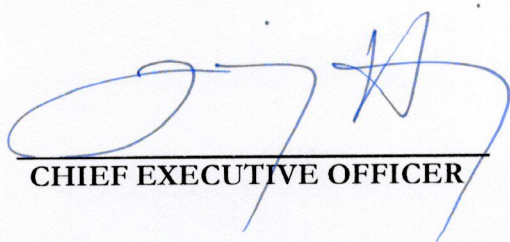

DIRECTOR

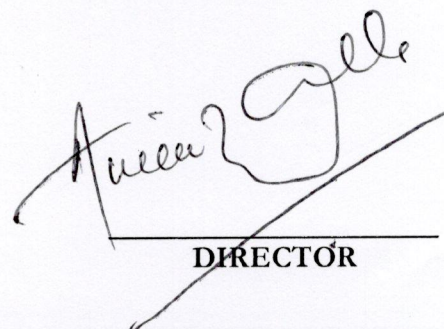
INSIGHT SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	-----Rupees-----	
Loss for the year	(44,332,116)	(30,245,473)
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>
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(44,332,116)</u>	<u>(30,245,473)</u>

The annexed notes 1 to 30 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER


DIRECTOR

INSIGHT SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Issued, subscribed and paid-up share capital	Unappropriated profit	Total shareholders' equity
	-----Rupees-----		
Balance as at July 01, 2021	120,000,000	343,588,969	463,588,969
Loss for the year	-	(30,245,473)	(30,245,473)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(30,245,473)	(30,245,473)
Balance as at June 30, 2022	<u>120,000,000</u>	<u>313,343,496</u>	<u>433,343,496</u>
Balance as at July 01, 2022	120,000,000	313,343,496	433,343,496
Loss for the year	-	(44,332,116)	(44,332,116)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(44,332,116)	(44,332,116)
Balance as at June 30, 2023	<u>120,000,000</u>	<u>269,011,380</u>	<u>389,011,380</u>

The annexed notes 1 to 30 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, 2023

	Note	2023 -----Rupees-----	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(38,561,134)	(31,007,044)
Adjustments for non-cash items:			
Depreciation		3,637,500	4,470,739
Amortization of intangible assets		266,666	-
Loss on sale of property and equipment		-	91,117
Unrealized loss on re-measurement of investments at fair value through profit or loss - net		57,988,266	56,018,493
Realized loss on sale of investments		1,137,093	5,922,621
Allowance for expected credit loss		982,748	373,072
Gain on foreign currency transactions		(5,941)	-
Dividend income		(21,118,046)	(26,871,324)
Provision of gratuity expense		1,916,465	6,977,550
Bank charges		84,920	80,491
		<u>44,889,671</u>	<u>47,062,759</u>
Operating cash flows before changes in working capital		6,328,537	16,055,715
Decrease/(Increase) in current assets			
Trade debts		(47,781,945)	13,141,293
Trade deposits and short-term prepayments		8,054,212	39,961,002
Loans and other receivables		(977,028)	6,605,126
(Decrease) / Increase in current liabilities			
Trade and other payables		14,456,389	(235,029,373)
		<u>(26,248,372)</u>	<u>(175,321,952)</u>
Net cash from operations		(19,919,835)	(159,266,237)
Income tax paid		(6,649,335)	(13,142,696)
Bank charges paid		(84,920)	(80,491)
Net cash used in operating activities		(26,654,090)	(172,489,424)
CASH FLOWS FROM INVESTING ACTIVITIES			
Property and equipment		(49,000)	(24,694,956)
Intangible asset - net		(1,333,332)	-
Proceeds from disposal of property and equipment		762,313	-
Long term deposits		-	(39,326)
Dividend received		21,118,046	26,871,324
Short term investments - net		(25,834,812)	(35,967,987)
Net cash used in investing activities		(5,336,785)	(33,830,945)
Net decrease in cash and cash equivalents		(31,990,875)	(206,320,369)
Cash and cash equivalents at the beginning of the year		65,233,566	271,553,935
Cash and cash equivalents at the end of the year	12	<u>33,242,691</u>	<u>65,233,566</u>

The annexed notes 1 to 30 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR