

systems

ANNUAL REPORT 2023

Innovating for a
better tomorrow



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Company Information

Board of Directors

Mr. Aezaz Hussain Chairman	Non Executive
Mr. Asif Peer CEO and Managing Director	Executive
Mr. Arshad Masood Director	Non Executive
Mr. Zubyr Soomro Director	Independent
Mr. Omar Saeed Director	Independent
Ms. Maheen Rahman Director	Independent
Ms. Romana Abdullah Director	Independent



Human Resource & Compensation committee

Mr. Omar Saeed
Chairman

Ms. Maheen Rahman
Member

Mr. Arshad Masood
Member

Audit Committee

Mr. Zubyr Soomro
Chairman

Ms. Maheen Rahman
Member

Ms. Romana Abdullah
Member

Chief Financial Officer

Ms. Roohi Khan

Head of Internal Audit

Mr. Salman Naveed

Internal Auditors

Uzair Hammad Faisal & Co.

Tax Advisors

A.F.Ferguson & Co
Chartered Accountants

External Auditors

A.F.Ferguson & Co
Chartered Accountants

Legal Advisors

Hassan & Hasan Advocates
Ahmad & Pansota

Company Secretary

Mr. Ali Ahmed Iftikhar

Share Registrar

Central Depository Company
CDC House, 99-B, Block B,
S.M.C.H.S., Main Shakra-e-Faisal,
Karachi - 74400.
Tel: (92-21) 111-111-500 Fax: (92-21)
34326034

Registered Address

Systems Limited
E-1, Sehjpal Near DHA
Phase -VIII (Ex.-Air Avenue),
Lahore Cantt
T: +92 42 111-797-836
F: +92 42 3 636 8857

Banks

Allied Bank Ltd
Bank Islami Pakistan Ltd
Finja Pvt Ltd
Habib Bank Ltd
Habib Metropolitan Bank Ltd
United Bank Ltd
Standard Chartered Bank (Pak Ltd)
MCB Bank Ltd
Meezan Bank Ltd
Faysal Bank Ltd

Board of Directors



Mr. Aezaz Hussain

Chairman/Non Executive Director

Mr. Aezaz Hussain founded Systems Limited in 1977 as the first software house in Pakistan. His professional acumen provided the overall direction for turnkey computer projects involving systems design, hardware selection and installation, and the planning and management of large-scale industrial projects. Within the organization, he has been responsible for the internal restructuring needed to respond to periodic shifts in the company's strategy.

Mr. Hussain was the CEO of Visionet Systems, Inc. in New Jersey, USA till 2008 and he is currently the Chairman for both Visionet Systems and Systems Limited. His main role is the development of enterprise strategy. He was a member of Pakistan's Information Technology Commission, which advised the President of Pakistan on IT-related matters and national policies. He has been a member of a number of committees and advisory bodies set up by the government on Information Technology strategies and on the development of public-sector information systems. He was a founding member and the founding President of Pakistan Software Houses Association (P@SHA). He served as a member of the Economic Advisory Board, Government of Pakistan, the Information Technology Commission of Pakistan, and the Council of Computer Society of Pakistan.



Mr. Asif Peer

CEO & Managing Director

Mr. Asif Peer, Sitara-i-Imtiaz, is currently serving as Group Chief Executive Officer (CEO), Managing Director (MD), and a Member of the Board of Directors of Systems Limited, the same company where he began his career as a software developer in 1996. He completed his graduation in Computer Sciences at the National University of Computer and Emerging Sciences (NUCES) in Karachi and positioned himself in the lead for a job at Systems Limited soon after graduation. He also completed his MBA in Marketing and Finance from the Institute of Business Administration (IBA) in Karachi only a year later.

Mr. Peer has been associated with Systems Group for 28+ years in various Senior Management positions, executing company growth strategy in line with the vision and mission. Under his leadership, the company has won several accolades, including Forbes Asia's Best Under a Billion 2020, 2021, 2022, and 2023, Microsoft Country Partner of the Year Pakistan & UAE, 2021/2022, 2022/2023, 2023/2024 Inner Circle award for Microsoft Business Applications, Pakistan Top IT Export Award, multiple PSEB IT Export Awards since 2016, membership of Microsoft Dynamics President's Club in 2014 and 2015, and many more.



Mr. Arshad Masood

Non Executive Director

Mr. Arshad Masood started his career with IBM Corporation in the US and held various professional and managerial positions, including Sales Manager. He was a consistent top performer and his primary objective was to enhance customer relationships, protect their revenue base, and identify new revenue opportunities. In 1994, Mr. Arshad Masood founded Visionet Systems, Inc., USA, and is currently the CEO of the company.

As founder, Mr. Arshad Masood envisioned and executed a strategy to create a generalpurpose consulting and solutions company. As CEO, Mr. Arshad Masood is responsible for long-term strategic planning and providing guidance to operations across the enterprise. He helped Visionet Systems build a strategy and value proposition for products and services in the mortgage industry. Mr. Arshad Masood holds a BSc (Engineering) degree from Engineering University, Lahore, an MSc degree from University of Guelph, Canada, and an MBA degree from Baruch College, New York.



Ms. Maheen Rehman

Independent Director

With over twenty years of experience in investment banking, research, and asset management, Ms. Maheen Rahman is currently the CEO of InfraZamin Pakistan, a key player catalyzing private sector investment in infrastructure projects. In her prior role as CEO of Alfalah GHP Investment Management, she led the company to become one of Pakistan's largest asset management firms. Ms. Rahman's achievements include being featured on Fortune's "40 Under 40's Women to Watch" list in 2015.

Currently serving as an Independent Director at GlaxoSmithKline Pakistan, Director for the British Overseas School, and Director of Nasra Public Schools, Ms. Rahman is actively involved in various roles, including advising KatalystLabs and directing the Centre for Economic Research in Pakistan. She holds a Bachelor of Science (Hons) in Economics from the Lahore University of Management Sciences and a Master of Science in Finance and Economics from Warwick Business School. Ms. Rahman is also certified by the New York Stock Exchange (Series 7) and holds an independent director certification from the Pakistan Institute of Corporate Governance.



Ms. Romana Abdullah

Independent Director

Ms. Romana Abdullah is CEO of Highpoint Ventures (Pvt) Ltd and leads Hopscotch, a kids wear brand she co-founded in 2014. Prior to becoming an entrepreneur, Romana led the strategic planning and transformation functions at MCB Bank and Soneri Bank. Earlier, Romana spent significant time at The Boston Consulting Group (Management Consulting) and Merrill Lynch (Investment Banking) in New York, where she focused on strategic, financial, and operational assignments for Fortune 500 financial services and consumer clients. Ms. Romana is also on the board of Karandaaz, a DFID and Gates Foundation funded company that promotes access to capital for small businesses and digital financial inclusion for individuals in Pakistan. She also mentors young start-ups, incubators, and accelerators in her free time. Ms. Romana has a BSc in Financial Engineering from Princeton University and an MBA from the Harvard Business School.



Mr. Omar Saeed

Independent Director

Mr. Omar Saeed graduated with high honors from Brown University and did his Master's in Business Administration from Harvard Business School. Omar has recently been appointed Chief Executive Officer of Service Long March Tyres (Private) Limited, a Joint Venture between Service Industries Limited and Chaoyang Long March Tyre Co., Ltd. Additionally, Omar serves as the Chief Executive Officer of Servis Foundation.

Mr. Omar has served as the Chief Executive Officer of Service Industries Limited (SIL) from 2011 to 2018. Under his stewardship, SIL won the highly prestigious Pakistan Stock Exchange Top 25 Companies Award for the years 2011, 2013, 2014 and 2015. Prior to that, Omar was responsible for building Servis into Pakistan's largest footwear retailer, with 500 stores and more than PKR 12 Billion in annual revenues. He founded Ovex Technologies (Private) Limited in 2004, which went on to become one of Pakistan's leading call center companies before the business was sold in 2011.

He has served on the Boards of various private and public companies in the past. Omar has also been an adjunct faculty member of LUMS where he taught entrepreneurship.



Mr. Zubyr Soomro

Independent Director

Mr. Zubyr Soomro is a distinguished figure with over three decades of experience in international banking, having held senior roles at Citibank across the globe. Recognized for his leadership in the privatization and restructuring of United Bank Ltd (UBL) in Pakistan, he was awarded the Quaid-e-Azam Centenary Gold Medal by the State Bank of Pakistan in 2004. Mr. Soomro has played a crucial role in financial inclusion and poverty alleviation, leading the Pakistan Microfinance Investment Company and earning a Lifetime Achievement Award from the Pakistan Microfinance Network in 2023.

He has been invited to speak on bank restructuring projects by the World Bank, IMF, and IFC, and held the chairmanship of the National Bank of Pakistan (NBP) and the United National Bank, UK. Mr. Soomro's influence extends to policy-making, education, and philanthropy, serving on the boards of all three financial services regulators in Pakistan, the Economic Advisory Council of Pakistan and on the boards of prestigious educational institutions.

Mr. Soomro holds a BSc Hons from the London School of Economics and a Masters from the School of Oriental and African Studies, with executive education from Harvard Business School and the Harvard Kennedy School. Currently, he chairs the Board of the Indus Valley School of Art and Architecture and contributes to the boards of Acumen Pakistan and other notable trusts, while also managing his family's agricultural interests in Jacobabad.

Our Leadership





Asif Peer

Group CEO & Managing Director

Mr. Asif Peer is currently serving as Chief Executive Officer (CEO), Managing Director (MD), and a Member of the Board of Directors of Systems Limited. He has been associated with Systems Group for 28+ years in various Senior Management positions, executing company growth strategy in line with the vision and mission. He was awarded the presidential award, Sitara-e-Imtiaz, for his meritorious contribution to the IT sector.



Roohi Khan

Group CFO

Ms. Roohi Khan is currently part of the Business Leadership team and is responsible for the overall financial health and performance of the group. Acting as a strategic business partner, she is supporting businesses in delivering sustained growth and maximizing shareholder value. Before joining Systems Limited, she worked with PwC, PepsiCo, and Levi Strauss & Co. Ms. Roohi is a Chartered Accountant from ICAEW and ICAP with about 20 years of professional experience.



Toima Asghar

Group CHRO

Ms. Toima Asghar has been associated with the HR fraternity for approximately two decades and leads the human resource function in large organizations operating in the banking, wholesale, broadband, academia, and IT industries. As an HR strategist, she leads the organization's Human Capital function to build a sustainable competitive advantage through its human resource by collaborating with the teams for the right selections and development of the existing talent while focusing on talent management and providing careers to the human resource of the organization.



Asif Akram

Group COO

Mr. Asif Akram is an experienced global management consultant and an information technology professional having over 20 years of experience. As the COO of Systems Limited, he is responsible for the delivery of Systems services while driving operational excellence, improving efficiency, and building upon Systems Limited's strong foundation for achieving accelerated growth.



Khurram Majeed

General Manager, Systems MEA

Khurram Majeed serves as General Manager for Middle East and Africa at Systems Limited. He is a technology evangelist and global change maker with 20+ years of experience. His strategic initiatives have positioned the company as a go-to partner for large telco, banking, and public sector clients. Under his guidance, Systems MEA has consistently delivered innovative solutions, driving digital transformation and contributing to the success of organizations across various sectors.



Rao Hamid Khan

General Manager, Systems KSA

Mr. Rao Hamid has served in the IT industry for over two decades with multinational organizations. After serving as Application Innovation Services and Telecommunications Industry Leader at companies like IBM and working for Teradata, he joined Systems Limited as a Chief Commercial Officer. He was then promoted as General Manager and led the Pakistan business for 4 years. In 2022, he was tasked with moving to and setting up Systems KSA operations. He currently holds P&L responsibilities for Saudi Arabia and Bahrain and is based out of Riyadh.



Faisal Tajammal

General Manager, Systems APAC

Mr. Faisal Tajammal has over 22 years of experience in the IT industry. Over time he has fulfilled different roles in IT in the USA, Middle East, Pakistan, and APAC. For the last ten years he is working in leadership and customer-facing roles and is responsible for regional business growth, operations, team building, presales, solution delivery, and process management.



M. Mairaj Yousuf

General Manager Banking & Non-Telco

Mr. Muhammad Mairaj is responsible for business growth, delivery excellence, customer satisfaction, profit and loss, and portfolio management for Banking and Insurance, Retail, Utilities, Public-sector, and other commercial customers in Pakistan. He is further responsible for onboarding new partners to extend their reach and amplify business opportunities. Through his leadership and experience of over two decades, he has played a vital role in transforming the industry, especially in BFSI.



Ammara Masood

General Manager BFS

Global Industries GM Banking and Financial Services, Systems Limited, Ms. Ammara Masood, has a career spanning three decades in entrepreneurship and running successful companies. She brings rich global experience across continents in multiple markets in IT Strategy, Consulting, and Digital Transformations for the banking and financial sector. She is responsible for overseeing the company's strategic direction, expansion, and delivering value-added IT services in banking.



Salman Wajid

Chief Process Outsourcing Officer

Mr. Salman Wajid Mian is a dynamic leader in customer experience and one of the pioneers in outsourcing services in Pakistan, with over 20 years of experience. As Chief Process Outsourcing Officer in Systems Limited, he is responsible for steering large-scale culture-transformation initiatives and process re-engineering programs across diverse industry verticals while optimizing operations and resources, and driving success.



Tariq Rasheed

Senior VP - Telco Growth Leader

Dynamic telecommunications leader with 25+ years of experience in Telco Operations, products and services development, pre-sales, marketing, and ecosystem building. Proven ability to drive innovation and growth. As an SEVP Telco Growth he is currently responsible for delivery of services to key Telco accounts, Telco pre-sales and strategic product and services development.



Imran Soofi

General Manager, Telco

Mr. Imran Soofi leads the global Telecom vertical at Systems Limited and helps our clients in solving their business challenges through technology solutions that have a high ROI, optimal TCO, and efficient turnaround time. He is responsible for strategy, revenue and offerings to ensure long-term, profitable, and sustainable growth of Systems Telco footprint.



Javeria Fahad

Head of Marketing

Ms. Javeria Fahad boasts over 15 years of seasoned expertise in strategic creative thinking, digital, and marketing domains. Leading as the head of Digital Marketing at Systems Limited, she steers the company's B2B strategy and oversees its digital marketing operations, showcasing adept leadership and a profound understanding of the digital realm. Javeria is a dynamic and creative marketing and communications senior leader responsible for conceptualising, developing, and directing innovative campaigns that fuel reinvention, drive growth and differentiation, and deliver enduring value for clients.



Tahir Saeed

Chief Investment Officer

Mr. Tahir Saeed is an accomplished investment professional with over a decade of experience in equity research, fund management, risk management, strategy, and client & corporate relationships. As the Chief Investment Officer of Systems Limited, he is responsible for devising investment strategies, identifying new opportunities, leading M&A transactions, conducting due diligence, and managing group investments globally.

Chairman's Message

Nurturing Talent

Dear Shareholders

As you are aware, we are primarily a people-driven company, and attracting and retaining the best talent is key to our success.

The complex political and economic turmoil in Pakistan over the last two years has had a tremendous social impact. Given the growing international demand for IT talent and the socioeconomic issues in Pakistan, primarily driven by the high inflation rate, the retention of talent has been a major challenge for your company, particularly in 2023.

However, I am happy to share that the management of Systems faced this challenge well. Despite the troubling conditions, we experienced a revenue growth of 68% in 2023. The impact of inflation, which was historically partly offset by the PKR/USD parity, was substantial. Nevertheless, profits grew by 31% after a major effort to improve productivity. Even in this harsh environment, your company has continued to thrive.

Nurturing talent will continue to be our major focus in the new year as we have an ambitious growth plan. Key factors of our talent attraction and retention plan include:

1. A wider management bandwidth to absorb growth through our aggressive stock option plan, which incentivizes senior and mid management through shareholding
2. an intensive training program which retools our engineers in new technologies like AI, and
3. A clear career path for our talent pool so they can align their personal goals with the company.

The engine of our growth continues to be our strong customer-centric culture, which has resulted historically in consistent customer retention. We are thankful to our clients worldwide for giving us the opportunity to continue to service their IT needs.

I congratulate the management team on achieving these excellent results and wish them Godspeed for the future.

Finally, I am grateful for the guidance we have received from our board members and thank them for their commitment and support to the company.

Sincerely,



Aezaz Hussain
Chairman



CEO's Message

Charting a Path of Growth, Innovation, and Excellence

I am delighted to present the CEO report for the financial year 2023, a year characterized by remarkable achievements, robust financial performance, and strategic advancements that have positioned us for sustained growth and success.

Our financial results for FY23 underscore our continued growth trajectory with 68% revenue growth and 59% adjusted EBITDA growth showing resilience in the face of macroeconomic challenges. The double-digit growth even in dollar terms, signifies our unwavering commitment to delivering value to our stakeholders and capitalize on growth opportunities across all geographies and verticals.

I am proud to share that our dedication to excellence has been recognized through various prestigious awards and accolades. Notably, we were honored to receive the Microsoft Country Partner of the Year for UAE and Pakistan, a testament to our commitment to delivering exceptional solutions and services in collaboration with industry leaders. Furthermore, our consistent performance was acknowledged by Forbes Asia, where we were listed among the top 200 companies for four consecutive years with an additional recognition as the fastest growing company in the region for 2023.

Our relentless focus on digital transformation and innovation has propelled us to the forefront of the industry. We have continued to invest in building our expertise in emerging technologies such as AI, cloud computing, data analytics, and automation, empowering our clients to navigate the complexities of the digital landscape with confidence and agility. Our collaborations with industry leaders such as Microsoft, Temenos, SAP, Informatica, and others have enabled us to offer cutting-edge solutions and services to our valued clients, further enhancing our competitive advantage.

Our investment in our workforce remains a top priority, as we recognize that our employees are the driving force behind our success. We continued to proactively hire good talent, focusing on training, re-skilling, and upskilling our existing talent pool to ensure they are equipped with the latest technologies and prepared for future challenges. We continue to partner with Academia for re-skilling and upskilling of IT talent pool in the country. ITM program continues to thrive by providing learning opportunity to both the computer science and non-computer science graduates who want to excel in a career in tech. Additionally, we have strengthened our regional teams and built a robust bench to support our growth objectives. We are proud to have welcomed ~ 2200 new employees into our team this year, each bringing unique perspective and contribution to our collective success. With our retention strategy, we successfully reduced the attrition rate to 17% from 24% last year.

Looking ahead, we remain steadfast in our commitment to delivering exceptional value to our clients, driving innovation. We are optimistic about the opportunities that lie ahead and remain committed to driving sustainable growth and value creation for all our stakeholders. Our strategic investments in new markets such as Saudi Arabia, APAC, and Africa position us well to capitalize on emerging opportunities and diversify our revenue streams. Furthermore, our focus on verticals such as BFS, Telco, and Public Sector, combined with our relentless pursuit of innovation and value driven strategy, will continue to drive our growth trajectory.

We remain committed to the community we live and operate in by prioritizing corporate social responsibility, particularly in education, health, sustainability, and women empowerment. We believe in empowering youth through technology-focused initiatives, aiming to shape the future of the nation.

In conclusion, I extend my heartfelt gratitude to employees, board members, shareholders, partners and customers for their unwavering support and commitment. Together, we have achieved remarkable success, and I am confident that with our collective efforts, we will continue to chart a path of growth, innovation, and excellence.

Warm regards,



Asif Peer
Group CEO
Systems Limited



Directors' Report

TO THE SHAREHOLDERS 2023

The Directors of the Company take pleasure in presenting the Annual Report of your Company, together with the Unconsolidated and Consolidated Financial Statements for the year ended 31 December 2023.



Group Overview:

The Company is a public limited company incorporated in Pakistan under the Companies Act, 2017, and listed on the Pakistan Stock Exchange. The Company was incorporated in 1977 and is principally engaged in the business of software development, trading of software and business process outsourcing services.

Activities:

The Company's revenue comes primarily from Digital/Data/Cloud Services, Managed Services, Consulting Services, IT outsourcing and Business Process Outsourcing/Contact Center. The Company generates over 84% of its revenue from export of Services to various geographies such as North America, Europe, Asia Pacific and Middle East and 16% from domestic market. The Company is well diversified into various business verticals such as Banking and Finance, Telco, Retail & CPG, Pharma, and Public sector.

FINANCIAL PERFORMANCE OF THE COMPANY AND THE GROUP DURING 2023

Unconsolidated:

The Company's financial results for FY23 have maintained a strong trajectory. Operating revenues for the year in local currency were Rs. 32,037.99 million showing a growth of 55% over the previous year. Profit after tax for the year was Rs. 8,559.16 million showing a growth of 36%. Gross profit and operating profit increased by 42% and 46% respectively. Since FY19, the Company has delivered a Compounded Annual Growth Rate (CAGR) in revenues of 56%. The revenue growth has been mainly driven by IT services and profitability growth has been driven by demand and growth across all geographies and all verticals.

Unconsolidated

Particulars	FY 2023	FY 2022	Y/Y
Revenue	32,037,995,164	20,644,764,716	55%
Gross profit	9,616,693,532	6,755,105,438	42%
Operating Profit	7,096,705,165	4,871,976,394	46%
Profit before taxation	9,008,771,728	6,624,487,917	36%
Profit after taxation	8,559,160,491	6,299,836,945	36%
Earnings per share (basic)	29.41	22.44	31%
Earnings per share (diluted)	29.22	22.29	31%

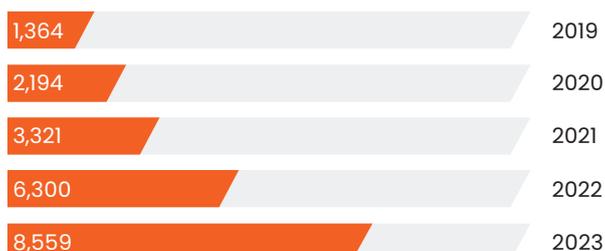
Unconsolidated Revenue
(PKR Million) CAGR 56%



Unconsolidated Operating Profit
(PKR Million) CAGR 60%



Unconsolidated Net Profit
(PKR Million) CAGR 58%



Unconsolidated Basic EPS
(PKR) CAGR 56%



Consolidated:

During year ended 31 December 2023, operating revenues of the Company were Rs 53,435.48 million in 2023 compared to Rs. 31,759.92 million in 2022. Current period showed a significant increase by PKR 24,608.19 million after normalizing the last year reported revenue by one-off sale of license of CLOS, a product developed by NDC which was sold for an upfront payment of \$8 million and subsequent royalty of ~ \$7 million over five years and recognized at present value. Cost of \$15 million had also been adjusted against the revalued intangibles at the time of acquisition neutralizing the P&L. The normalized growth in the revenues for 2023 is 85% and with the one-off revenue in 2022, the reported growth is 68%. Gross profit grew by 58%.

Operating profit from ordinary course of business amounts to Rs 7,887.02 million showing a growth of 47.06%. The reported number includes one off impairment loss on remeasurement of investment in Jomo Technologies (Pvt) Limited amounting to Rs. 154.46 million bringing the reported growth down to 44.19%. During the year ended December 31, 2022, the management had acquired 9% stake in the fastest growing fashion e-commerce brand of Pakistan, JOMO, as a strategic investment. However, considering the economic downturn in the country and delay in anticipated funding resulting in deteriorating liquidity and financial performance of the brand, the management believes that the carrying value of investment amounting to Rs 154. 46 million does not truly reflect its fair value. Hence the management, in the interest of prudence has taken requisite fair value loss on investment.

The net profit from ordinary business stands at Rs 9,620.89 million and with one-off adjustments, the reported number stands at Rs 8,688.89 million. The adjustments include

- A proportionate share of loss on EP Systems B.V, netted off with the share of profit from Retailistan arising from a one-off notional gain from disposal of Jugnu Technologies (Pvt) Limited and
- The impairment losses pertaining to Sales Flo due to the value in use of the company being less than the carrying value of the investments. The carrying value of investment was adjusted upwards with the notional gain on disposal of Jugnu Technologies (Pvt) Limited as stated above. The impairment loss is adjusting the same notional gain.
- The impairment losses pertaining to EP Systems B.V due to the value in use of the company being less than the carrying value of the investments. In 2021, the Company had to record a one-time notional gain in the financial statements amounting to Rs 816,226,74 million arising from conversion of E-Processing Systems B.V. from a subsidiary to associate on account of dilution of voting rights resulting from investment of Gates Foundation in irredeemable preference shares. On revaluation, the same notional value has been written down. After the share of loss and impairment, the remaining carrying value is Rs 201.55 million only. With this adjustment, all the investments in the Company's books have been written off.

Basic and diluted earnings per share increased by 26% over the same period.

Growth in revenue is contributed by both the Company and its subsidiaries.

Consolidated			
Particulars	FY 2023	FY 2022	Y/Y
Revenue*	53,435,483,177	31,759,927,263	68%
Gross profit	13,656,685,787	8,636,279,367	58%
Operating Profit**	7,732,547,097	5,362,828,298	44%
Share of loss from associate***	(48,069,294)	(323,899,362)	
Impairment loss on investment in associates****	(729,463,249)	-	
Profit before taxation	9,279,622,243	6,981,169,335	33%
Profit after taxation	8,688,889,893	6,629,661,309	31%
Earnings per share (basic)	29.86	23.61	26%
Earnings per share (diluted)	29.66	23.45	26%

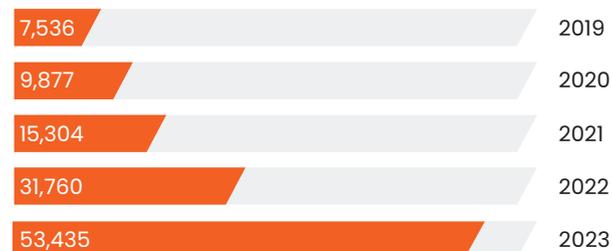
* Consolidated revenue includes one-off revenue from sale of license of CLOS in FY 2022.

** The operating profit includes one off fair value loss on remeasurement of investment in Jomo Technologies (Pvt) Limited amounting to Rs. 154.46 million.

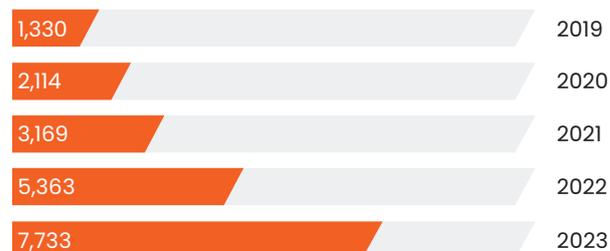
*** The share of loss is proportionate share EP Systems B.V netted off with the share of profit from Retailistan due to the gain from disposal of Jugnu Technologies (Pvt) Limited.

**** This includes impairment losses pertaining to EP Systems B.V and Sales Flo due to the value in use of the company being less than the carrying value of the investments.

Consolidated Revenue (PKR Million) CAGR 63%



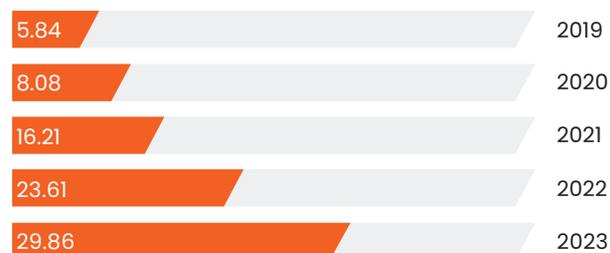
Consolidated Operating Profit (PKR Million) CAGR 55%



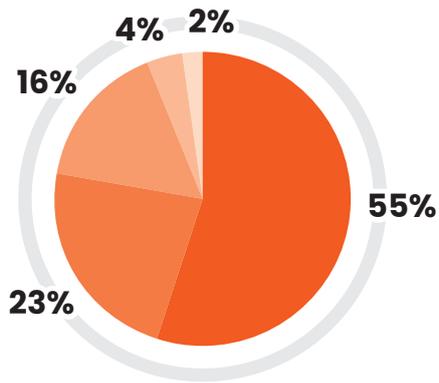
Consolidated Net Profit (PKR Million) CAGR 53%



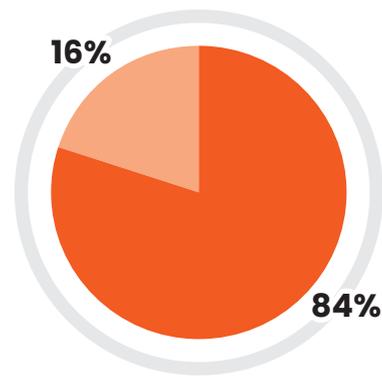
Consolidated Basic EPS (PKR Million) CAGR 50%



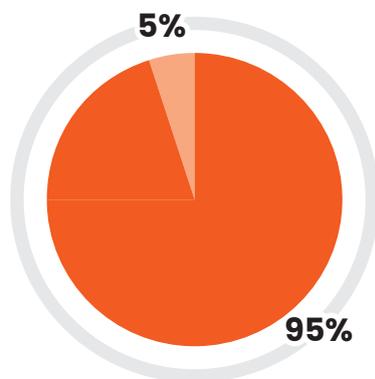
Revenue by Geography



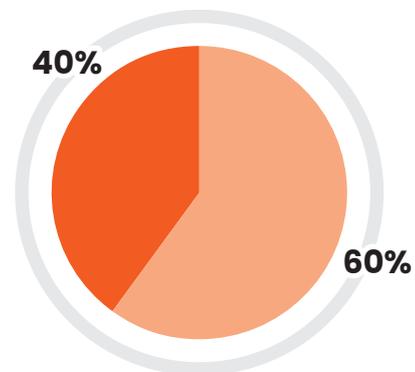
Export Contribution



Revenue by Currency



Cost by Currency



PERFORMANCE BY SEGMENT (CONSOLIDATED)

Vertical Segment:

The Company has realigned its strategy for growth and has started monitoring performance based on industry verticals along with geographical segments. This helps to capture synergies through the cross-selling of technologies and solutions across different verticals. This approach allows the Company to leverage its expertise and capabilities more effectively across various sectors, increasing operational efficiency.

The Company can also better understand its competitive footprint within each vertical, identifying areas where it can capitalize on its strengths. Moreover, the emphasis on industry verticals highlights the importance of expanding within sectors that offer higher margins, indicating a strategic approach to revenue generation and profitability.

The Company will continue to use geographical segments as well in addition to vertical segments. However, the four primary segments now revolve around industry verticals, reflecting the company's strategic shift:

- **Banking Financial Services & Insurance (BFSI):** This segment likely includes activities related to banking, financial services, and insurance.
- **Retail & CPG (Consumer Packaged Goods):** This segment encompasses retail operations and consumer goods.
- **Telco (Telecommunications):** This segment involves telecommunications services and technologies.

- **Technology:** This segment includes technology related solutions, products and services.
- **Others:** This catch-all category may include any remaining segments that don't fall into the specific verticals mentioned above.

	BFSI		Retail & CPG		Technology		Telco		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees in Millions											
Revenue	15,266	10,581	5,716	4,519	7,393	4,498	11,809	5,156	13,252	7,007	53,435	31,760
Cost of revenue	(12,906)	(8,773)	(3,367)	(2,509)	(4,669)	(2,851)	(8,687)	(3,918)	(10,150)	(5,072)	(39,778)	(23,124)
Gross profit	2,360	1,808	2,349	2,009	2,724	1,647	3,122	1,238	3,102	1,934	13,657	8,636
Distribution expenses	(448)	(196)	(168)	(116)	(217)	(116)	(347)	(132)	(389)	(180)	(1,570)	(741)
Administrative expenses	(1,138)	(659)	(426)	(389)	(551)	(388)	(880)	(444)	(988)	(604)	(3,983)	(2,484)
	(1,586)	(856)	(594)	(505)	(768)	(503)	(1,227)	(577)	(1,377)	(784)	(5,552)	(3,224)
Profit / (loss) before taxation and unallocated income and expenses	774	952	1,755	1,504	1,955	1,144	1,895	661	1,725	1,151	8,104	5,412

Geographical Segment

The Company is showing a strong growth across all four segments, with Middle East region taking the lead, followed by Pakistan and North America. Export sales of the Company are approximately 84% of total sales, taking another 16% from the domestic sales, with the Company's target being to further increase the export component going forward. Diversification into new regions and new markets will support this objective as the company is actively looking to expand in the new markets.

During the year, the Company made significant progress in getting repeat business from existing customers and also increased its business through cross selling and upselling to new customers, and customers acquired through the two acquisitions.

	North America		Europe		Middle East Africa		APAC		Pakistan		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees in Millions											
Revenue	12,262	9,342	1,891	4,367	29,309	12,092	1,328	456	8,645	5,502	53,435	31,760
Cost of revenue	(8,005)	(5,940)	(1,171)	(3,813)	(21,264)	(8,288)	(854)	(227)	(8,486)	(4,855)	(39,778)	(23,124)
Gross profit	4,258	3,403	720	554	8,045	3,804	474	229	159	647	13,657	8,636
Distribution expenses	(33)	(9)	(19)	(1)	(1,257)	(472)	(139)	(12)	(121)	(247)	(1,570)	(741)
Administrative expenses	(1,265)	(966)	(195)	(175)	(2,132)	(1,048)	(62)	(16)	(328)	(279)	(3,983)	(2,484)
	(1,298)	(975)	(214)	(176)	(3,389)	(1,520)	(201)	(28)	(450)	(526)	(5,552)	(3,224)
Profit / (loss) before taxation and unallocated income and expenses Profit for the year	2,960	2,428	506	378	4,656	2,283	273	201	(290)	121	8,104	5,412

North America & Europe

Margins of North America region are 35% GP and 24% OP. Similarly, for Europe region the margins are 38% GP and 27% OP. The normalized margins of Europe for 2022 is 39% GP and 26% OP. The Company is expecting to see modest growth in these segments in future.

Middle East Africa

In the Middle Eastern region, TVS and Systems Arabia in UAE are leading the growth trajectory contributing about 83% to the total revenue. Qatar is also expecting to gain momentum and will be become a sizeable business in near future.

APAC

APAC has also become a significant vertical where the company is seeing significant growth specially in the Technology and BFSI sector.

Pakistan

The Company has been re-strategizing its domestic business and has repositioned the customer base to private sector large scale enterprises from public sector and SMEs. The Company is focused on securing long-term recurring managed service contracts with Telco and Financial institutions.

Dividend & Appropriations

For the year 2023, the Directors recommended a payment of final cash dividend @ 6 per share (2022: Rs. 5 per share).

The following appropriation on account of dividend was made during the year:

	Un-appropriated profit (PKR)
Balance as at 31 December 2022	12,283,429,147
Total comprehensive income for the year	8,559,160,491
Less: Final dividend for the year ended 31 December 2022 at the rate of PKR Rs 5 per share	(1,455,268,500)
Balance as at 31 December 2023	19,387,321,138

Earnings Per share

Basic and diluted earnings per share for the year ended 31 December 2023 for the Company are Rs. 29.41 and Rs. 29.22 (31 December 2022: Rs. 22.44 and Rs. 22.29) per share. Similarly, the basic and diluted earnings per share for the Group are Rs. 29.86 and Rs. 29.66 (31 December 2022: Rs. 23.61 and Rs. 23.45) per share.

Awards and Accolades

The Company is proud to receive the Microsoft Country Partner of the year for UAE and Pakistan. In UAE the Company competes with all the big firms globally and this recognition is helping the Company establishing a good credibility in regional markets and in business acquisition.

Further strengthening the business credibility, the Company has won the Microsoft Inner Circle award for the last 3 years. This confirms the stability, continuity and sustainability of the skillset which has been recognized by the Microsoft. This is a testimony of the Company's consistent performance.

The Company has been recognized by Forbes Asia Best Under A Billion as top 200 company for 4 years in a row. In addition the Company also won the fastest growing company in Asia. The Company is leveraging this recognition in making inroads in the regional markets.

Temenos has also recognized the Company as the best regional delivery partner of the year in 2023. This award confirms the success of NDC acquisition and integration with the Company's current business.

People's Update

The Company is investing in its workforce by proactively hiring and focusing on training, re-skilling, and upskilling existing employees. The Company is continuing to reskill and upskill the workforce on the newer technology stacks and the upcoming technologies like AI and Gen AI. This approach indicates a commitment to staying ahead of industry trends and ensuring the workforce is prepared for future challenges and opportunities. The Company has invested in hiring key resources for the regional markets as well. In order to increase retention of skilled resources and manage iteration, the Company has built a bench strength for future growth as well.

Infrastructure

The Company has sufficient infrastructure to support future growth. Company is planning to invest in solar in 2024 to optimize electricity cost and reduce the carbon footprint. Moreover Company will be investing in a parking plaza at the Head Office at Lahore to support parking of additional 750 vehicles.

Corporate Social Responsibility(CSR)

The company aims to be an active corporate citizen in the societies where it operates. The Company believes that the future lies in the youth of today. We also believe that the technology shapes the future of nation, hence our efforts are focused more on the technology related initiatives. Besides investing in the development of young people, the company helps underprivileged children and youth to advance in their life and avoid exclusion. Our initiatives mainly focus on the following:

- Education,
- Health &
- Climate Change.

The Company has spent about PKR 70 M on donation in cash and in kind during the financial year. The company continued to support the IT Mustakbil training program, focusing on reskilling the talent by expanding its footprint. The program is dedicated to providing equal opportunity to everyone to gain skills in IT related technologies and ultimately use them to explore the land of opportunities in the corporate world.

Health and medical services available to the community are another top corporate social responsibility focus. The Company continues to support, aid, and help the facilitation of healthcare conveniences to the society through collaborations with health institutes, donations, and sponsorships for the cause.

Environment, Social, Governance (ESG)

In line with Systems ESG Vision 2030, the Company has identified five (5) pillars to cater its ESG footprint and to map its activities with the UN sustainability principles. Periodic self assessment is undertaken and progress with the objectives aligned with each pillar are reported.

A summary of key activities undertaken during the year against each sustainability pillar are as follows:

Be kind to the Environment

- Water Conservation through awareness programs
- Tracking of energy consumption
- Adopting reuse and recycle practices to reduce waste

Be kind to the Employees

- Hiring more specially abled employees
- Increased employee engagements through town halls and management meetings
- More focus on women empowerment
- Significant increase in trainings & certifications
- Numerous safety drills and sessions on work space ergonomics

Giving back to the Society

- Allocation of CSR budget and planned CSR initiatives
- Initiated Digital Inclusion through IT Mustakbil Program
- Laptop Donations
- Helping employees in times of difficulties.

Governance

- Independent Board and its committees promoting GRC
- Responsible tax practices
- Code of conduct/Business ethics
- Cyber security and data privacy
- Disclosure of all related party transactions

Sustainable Financial Growth

- 5 year revenue CAGR over 63%
- Consistent dividend payouts and capitalization gains
- Global expansion to reduce concentration risk

For further details on specific facts, a sustainability dashboard is included in the ESG section on page 83 of annual report.

Future Outlook and Prospects for Growth

- The Company has made significant investments during 2023 in new markets such as Saudi Arabia, APAC and Africa in 2023 to stimulate the growth momentum for the next few years. The Company will now be working to mature these markets to get robust and sustainable growth and a healthy return on these investments.
- The Company had to face significant inflationary pressure on costs during 2023 and this pressure is going to carry forward to 2024 as well in the form of wage inflation. Historically devaluation of rupee which is expected to be around 8-10% for Pakistan had been compensating the inflation but in 2024, it has been only around 3% so far, creating a further pressure on margins.
- BFS-Temenos acquisition has matured now and NDC brand has been completely merged with Systems Brand. The Company is focusing to develop the Banking and Finance services and Temenos is one of the core offerings. The Company sees a healthy pipeline in this vertical.
- Regional update:
 - » Saudi market is booming with Vision 2030 Initiatives, expo 2030 and the FIFA 2034 worldcup, and this is giving traction and opportunities to the Company to scale the business and the Company has made the required investment to support the growth and the Company is hoping a good growth momentum based on the current opportunities pipeline.
 - » Similarly UAE and other GCC countries are showing a continued growth momentum and the Company continues to successfully compete with the leading Tech brands to acquire customers and new business opportunities.
 - » The Company has acquired a couple of good business opportunities in the Europe segment and expecting this segment to develop.
 - » North American segment is expected to be more stable in 2024. The Company is re-strategizing the business development approach in this segment and taking steps to grow business.
 - » In the domestic market, the Company expects post election stability. The Company is entering into more dollarized contracts in the local market to hedge against currency fluctuations. ~95% of the Company's revenue is generated from FCY contracts and only ~5% is in local currency.
 - » The development center in Egypt is not only a cost center but has secured healthy contracts and is contributing to the group revenue and is funding its cashflows.
- Considering the demand of resources, the Company is exploring a couple of new geographies to open another supply center to support future growth and expansion.
- Considering the wave of AI and robust application of AI, company has setup AI innovation lab and investing heavily on upskilling and reskilling of resources in AI as the Company believes there is huge market opportunity. There is a high demand of AI as compared to the supply and the Company is making sure to train sufficient resources. The Company has also made significant investment in building the assets/products//solutions in banking AI space and these accelerators are helping the Company to win new deals. Company will continue to invest in leading technologies and any other new tech where principals (Microsoft, Google, Amazon, and Salesforce) are investing.

- During 2023, the Company signed another major deal with Temenos to obtain preferred Country Model Bank (CMB) rights for 15 years in the APAC region. This has provided healthy business opportunities in the APAC region. Moreover, MEA deal signed in 2022 has also been extended for 10 years.
- The Company started the vertical focused strategy in 2022 and key focus verticals are BFS, Telco, and Public Sector, these verticals are showing great progress and business opportunities.
- The Company is actively lobbying with the Government to allow investment in new markets and acquisition of similar businesses that will contribute to the expansion plans of the Company. With the new Government, the Company is hopeful that this will open new doors for business.
- The Company plans to continue pursuing inorganic growth opportunities, not just in Pakistan but globally as well. The Company is evaluating businesses that are aligned with the strategy, structure and culture of the Company.

Principal Risk and Uncertainties Facing the Company

Risk Factors

Following are some of the risk factors that may impact our business and financial results:

- **Political risk** – The current local and global political environment can impact businesses if the situation gets adverse.
- **Risk of Travel advisory** – Investors and buyers will not be able to travel to the country in case of any travel advisory. Though offshoring has increased in the past couple of years, however business travel is still required to onsite centers and travel restrictions will impact business since resources will not be able to visit foreign clients.
- **Pricing Pressures** – In case of demand compression, over supply of capacity could result in a price war, potentially effecting profit margins. Under inflationary pressures, customers may seek for discounts or renegotiations on current contracts.
- **Country Risk** – Political instability, high inflation and interest rates can impact business.
- **Global recession** – caused by Stagflation resulting in slow down of economic activities globally.

Changes during financial year concerning the nature of the business of the company or of its subsidiaries and joint operation

There has been no change in the nature of business of the company or its subsidiaries. The Company has incorporated following subsidiaries during the year:

Incorporation of New Subsidiaries

Systems Holdings (Pvt) Limited is private limited company incorporated under Companies Act 2017 in Pakistan. The company is a wholly owned subsidiary of Systems Limited.

Sys Bahrain for Information Technology W.L.L, a limited liability company was incorporated in Bahrain. The company is a wholly owned subsidiary of Systems International IT Pte Ltd.

Sys information Technology Malaysia SDN. BHD. is a 100% owned subsidiary of Systems International IT Pte. Ltd. incorporated in Malaysia.

Systems for information Technology QFZ LLC, is a 100% owned subsidiary of Systems International IT Pte. Ltd. incorporated in Qatar.

TechVista Systems East Africa Limited is a 100% owned subsidiary of Systems International IT Pte Ltd., incorporated in Kenya for providing consultancy and data processing software development services and to run data processing centers, computer centers, software development centers and offices.

Main trends and factors likely to affect the future development, performance and position of the company business

Technology is rapidly changing and demands are on the higher side for disruptive technologies. In order to grow at a faster pace, the Company has to scale up and nurture talent. Scaling into relevant technologies will have a significant impact on future performance and position of the Company's business.

Adequacy of Internal Financial Controls

The management of Systems Limited as a Group is responsible for the establishment and maintenance of the Company's and the Group's system of internal control in order to identify and manage risks faced by the Group. The system provides reasonable, though not absolute, assurance that:

- Assets are safeguarded against unauthorized use or disposition;
- Proper and reliable accounting records are available for use within the business;
- Adequate control mechanisms have been established within the operational businesses and
- Internal financial controls deployed within the Company have been satisfactory throughout the year.

Corporate Governance and Financial Reporting Framework

As required by the Code of Corporate Governance, the directors are pleased to confirm that:

- The financial statements prepared by the management of the Company and the Group, present its state of affairs fairly, the result of its operations, cash flows and changes in equity
- Proper books of accounts of the Company and each of its subsidiaries have been maintained
- Appropriately accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and there have been no departures therefrom
- The system of internal control is sound in design and has been effectively implemented and monitored
- There are no significant doubts about the Company's ability along with the subsidiaries to continue as a going concern
- There has been no material departure from the best practices of corporate governance as detailed in listing regulations.

There has been no material departure from the best practices of corporate governance as detailed in listing regulations.

Composition of the Board

In line with the requirements of the CCG, the Company encourages representation of Independent and Non-Executive Directors, as well as gender diversity, on its Board. During the financial period ended 31st December 2023, the composition of the Board was as follows:

Total Number of Directors

- a) Male: 6
- b) Female: 1

Compostion

- i. Independent Directors: 4
Mr. Syed Muhammad Shabbar Zaidi
Mr. Asif Jooma
Ms. Romana Abdullah
Mr. Omer Saeed
- ii. Non-Executive Directors: 2
Mr. Aezaz Hussain – Chairman
Mr. Arshad Masood
- iii. Executive Directors: 1
Mr. Asif Peer – CEO

Board Committees

The Board of Directors has constituted Audit Committee and Human Resource & Compensation Committee.

The names of members of Board Committees and number of meetings attended by each member is as follows:

Audit Committee

Mr. Syed Mohammad Shabbar Zaidi – Chairman
Mr. Asif Jooma – Member
Ms. Romana Abdullah – Member

HR & Compensation Committee

Mr. Asif Jooma – Chairman
Mr. Omer Saeed
Ms. Romana Abdullah
Mr. Arshad Masood

During the period under review, six(6) Board meetings, four (04) Audit Committee meetings and two (02) Human Resource and Compensation Committee (HRCC) meetings were held. Attendance by each Director of the respective Board/Sub – Committees meetings was as follows:

Board of Directors			
Name of Director	Board Meetings	Audit Committee	HRCC
Mr. Aezaz Hussain	6	-	-
Mr. Arshad Masood	6	-	2
Mr. Asif Peer	6	-	2
Mr. Asif Jooma	6	4	2
Mr. Syed Muhammad Shabbar Zaidi	6	4	-
Mr. Omer Saeed	5	-	2
Ms. Romana Abdullah	5	3	2

Changes to the Board

The current term of the directors was completed on 5th December 2023 and fresh elections were conducted for the appointment of directors through extra ordinary general meeting held on 26th December 2023. The Board would like to record its appreciation for the invaluable contributions rendered by the outgoing directors Mr. Syed Mohammad Shabbar Zaidi and Mr. Asif Jooma.

The Board also extends warm welcome to Mr. Zubyr Soomro and Ms. Maheen Rahman as new fellow members. The Board is confident that the team would operate cohesively for the benefit of the company and that new members shall lend a fresh perspective and spirit towards the progress of the Company.

The term of the new board will stand completed on 26th December 2026.

Composition of the new board & committees after elections

Board of Directors				
Name of Director	Category	Status	Audit Committee	HRCC Committee
Mr. Aezaz Hussain	Non-Executive	Re-elected	X	X
Mr. Asif Peer	Executive	Re-elected	X	X
Mr. Arshad Masood	Non-Executive	Re-elected	X	✓
Ms. Romana Abdullah	Independent	Re-elected	✓	X
Mr. Omar Saeed	Independent	Re-elected	X	✓
Ms. Maheen Rahman	Independent	Newly elected	✓	✓
Mr. Zubyr Soomro	Independent	Newly elected	✓	X

Formal Orientation at Induction

Detailed orientation is conducted upon induction of each new Board member, appraising them on business operations, environment and long-term strategy of the Company. Extensive training programs are offered to the directors for enhancement of managerial and governance skills

Directors' Remuneration

The Board of Directors has approved a formal Directors' Remuneration Policy which includes a transparent procedure for the remuneration of Directors, in accordance with the Companies Act, 2017 and CCG. As per the said policy, Non-Executive and Independent Directors are paid an after-tax remuneration of PKR 100,000/- for attending each meeting of the Board or its Sub-Committee.

Appropriate disclosure for remuneration paid during the year to Directors and the Chief Executive has been provided in note 39 to the financial statements.

Board Evaluation

As required under the Listed Companies (Code of Corporate Governance Regulations), 2019, the Board conducts a self-evaluation of its performance on an annual basis. The Board of Directors believes that continuous assessment is critical in determining how effectively the Board has performed against the objectives and goals that they have set for themselves. Based on the results of the evaluation, areas of improvement are identified and corrective action plans are prepared and acted on.

Directors' Training

A majority of the Board members have either acquired Director's training or have the prescribed qualification and experience required for exemption from training programmes for Directors, under Regulation 19 of the CCG. All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies.

Key Operating and Financial Data

Key operating and financial data for the last six years is annexed with the annual report.

Investments of Provident Fund

The value of provident fund operated by the Company, based on the un-audited accounts of the fund as on 31 December 2023 amounts to Rs 2,318.76 million (31 December 2022: PKR 1668.05 million)

Pattern of Shareholding

The Pattern of Shareholding as at 31 December 2023 of Systems Limited is annexed in the annual report.

Trading by Directors, Executives and their spouses and minor children

The Company's Directors, executives and their spouses and minor children did not trade in the Company's shares during the year ended 31 December 2023 other than those disclosed on Pakistan Stock Exchange.

Review of Related Parties Transactions

In compliance with the Code of Corporate Governance and applicable laws and regulations, details of all related party transactions are placed before the Audit Committee and upon recommendation of the Audit Committee, the same are placed before the Board for review and approval. All the directors are required to disclose their interest where such transactions are of interest to them.

Quarterly and annual financial statements

The financial statements were duly endorsed by CEO and CFO before approval of the Board. Quarterly financial statements of the Company, along with consolidated financial statements of the Group, were approved, published and circulated to shareholders within one month of the closing date, while Half yearly financial statements of the Company and consolidated audited financial statements of the Group were reviewed by the external auditors, approved by the Board, published and circulated to shareholders within two months of the closing date.

Auditors

A.F. Ferguson & Co. has completed its tenure for the year 2023 and retire at the conclusion of the 47th Annual General Meeting. Being eligible, they have offered themselves for re-appointment for the financial year ending December 31st, 2024.

Upon recommendation of the Audit Committee, the Board recommends appointing M/s A.F. Ferguson & Co. as the statutory auditors of the Company for the year ending December 31st, 2024, subject to the approval of the Shareholders at the forthcoming Annual General Meeting of the Company.

Consolidated Financial Statements

Consolidated financial statements of the Company includes the following subsidiaries and associates:

- TechVista Systems FZ LLC, UAE
- Techvista Information Technology W.L.L., Qatar
- SUS (Private) Limited (incorporated for Baluchistan Land record project), Pakistan
- Systems Arabia for Information Technology, KSA
- Systems Ventures (Private) Ltd, Pakistan
- SYS Egypt for Information Technology Services, Egypt
- Systems Africa for Information Technologies (Pty.) Ltd., South Africa
- National Data Consultants (Pvt.) Limited, Pakistan
- Associated company – Salesflo (Pvt) Ltd - (Formerly Retailistan Pvt Limited)
- Associated company - E-Processing Systems B.V. Netherlands
- Systems International IT Pte Ltd

Subsequent Events

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

Acknowledgement

The Board takes this opportunity to thank the Company's and its subsidiaries' valued customers, bankers and other stakeholders for their corporation and support. The Board greatly appreciates hard work and dedication of the management and all employees of the Group.

On behalf of the Board



Asif Peer
Chief Executive Officer



Aezaz Hussain
Chairman

Date: 22-March-2024
Lahore

اعتراف

بورڈ اس موقع پر کمپنی اور اس کے ماتحت اداروں کے قابل قدر کسٹمرز، بینکرز اور دیگر متعلقین کے تعاون اور معاونت کیلئے شکر گزار ہے۔ بورڈ انتظامیہ اور گروپ کے تمام ملازمین کی محنت اور لگن کی بڑی قدر کرتا ہے۔

حسب احکام بورڈ



آصف پیر

چیف ایگزیکٹو آفیسر



اعزاز حسین

چیئر مین

تاریخ 22 مارچ 2024ء

لاہور

سہ ماہی اور سالانہ مالیاتی گوشوارے

بورڈ کی منظوری سے قبل سی ای او، اور سی ایف او نے مالیاتی گوشواروں کی توثیق کی۔ کمپنی کے سہ ماہی مالیاتی گوشواروں کے ساتھ ساتھ گروپ کے مجموعی مالیاتی گوشوارے، منظور کئے گئے، شائع کئے گئے اور اختتامی تاریخ کے ایک ماہ کے اندر شیئر ہولڈرز کو بھیج دیئے گئے، جبکہ ایکسٹرنل آڈیٹرز نے کمپنی کے نصف سالانہ مالیاتی گوشواروں اور گروپ کے مجموعی مالیاتی گوشواروں کا جائزہ لیا، انہیں بورڈ کے ذریعے منظور کیا گیا اور اختتامی تاریخ کے دو ماہ کے اندر شیئر ہولڈرز کو بھیج دیا گیا۔

آڈیٹرز

اے۔ ایف۔ فرگوسن اینڈ کمپنی نے سال 2023ء کیلئے اپنی معیاد مکمل کر لی ہے اور 47 ویں سالانہ اجلاس عام کے اختتام پر ریٹائر ہوئے ہیں۔ اہل ہونے کے ناطے انہوں نے مورخہ 31 دسمبر 2024ء کو ختم ہونے والے مالی سال کیلئے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ آڈٹ کمیٹی کی سفارش پر بورڈ 31 دسمبر 2024ء کو ختم ہونے والے سال کیلئے میسرز فرگوسن اینڈ کمپنی کو شیئر ہولڈرز کے آئندہ منعقد ہونے والے سالانہ اجلاس عام سے مشروط کمپنی کے قانونی آڈیٹرز کے طور پر مقرر کرنے کی سفارش کرتا ہے۔

مجموعی مالیاتی گوشوارے

کمپنی کے مجموعی مالیاتی گوشواروں میں اس کے درج ذیل ماتحت ادارے اور ایسوسی ایٹس شامل ہیں:-

- ٹیک و سٹاسسٹمز ایف زیڈ ایل ایل سی، یو اے ای
- ٹیک و سٹا انفارمیشن ٹیکنالوجی ڈبلیو۔ ایل۔ ایل۔ قطر
- ایس یو ایس (پرائیویٹ) لمیٹڈ (بلوچستان لینڈ ریکارڈ پراجیکٹ کیلئے شامل کردہ) پاکستان
- سسٹمز عریبیہ برائے انفارمیشن ٹیکنالوجی، کے ایس اے
- سسٹمز وینچرز (پرائیویٹ) لمیٹڈ، پاکستان
- ایس وائے ایس مصر برائے انفارمیشن ٹیکنالوجی سروسز، مصر
- سسٹمز افریقا برائے انفارمیشن ٹیکنالوجی (پرائیویٹ) لمیٹڈ، ساؤتھ افریقا
- نیشنل ڈیٹا کنسلٹنٹس (پرائیویٹ) لمیٹڈ، پاکستان
- ایسوسی ایٹڈ کمپنی۔ سیلز فلو (پرائیویٹ) لمیٹڈ۔ (سابقہ ریٹالسٹن پرائیویٹ لمیٹڈ)
- ایسوسی ایٹڈ کمپنی۔ ای۔ پراسیڈنگ سسٹمز بی۔ وی، نیدر لینڈ
- سسٹمز انٹرنیشنل آئی ٹی پرائیویٹ لمیٹڈ

ضمنی واقعات

مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے مابین کمپنی اور گروپ کی مالی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلی یا وعدے نہیں ہوئے ہیں، ماسوائے اس رپورٹ میں کئے گئے انکشاف کے، اگر کوئی ہے۔

شفافیت کے طریقہ کار شامل ہیں کو منظور کر رکھا ہے۔ اس پالیسی کے مطابق نان ایگزیکٹو اور خود مختار ڈائریکٹران کو بورڈ یا اس کی سب کمیٹیوں کے ہر اجلاس میں شمولیت کیلئے مبلغ 1 لاکھ روپے ادا کئے جائیں گے۔ ڈائریکٹرز اور چیف ایگزیکٹو کو دوران سال ادا کئے جانے والے معاوضہ کا مناسب نمونہ مالی سٹیٹمنٹ کے نوٹ 39 میں ملاحظہ کیا جاسکتا ہے۔

بورڈ کا جائزہ

جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس ریگولیشنز) 2019ء کے مطابق، بورڈ سالانہ بنیادوں پر اپنی کارکردگی کا خود جائزہ لیتا ہے۔ بورڈ آف ڈائریکٹرز کا خیال ہے کہ مسلسل تشخیص اس بات کا تعین کرنے کیلئے اہم ہے کہ بورڈ نے اپنے لئے مقرر کردہ مقاصد اور اہداف کے حصول کیلئے کس قدر مئوثر کارکردگی کا مظاہرہ کیا ہے۔ تشخیص کے نتائج کی بنیاد پر، بہتری کے شعبوں کی نشاندہی کی جاتی ہے اور اصلاحی ایکشن پلان تیار کئے جاتے ہیں اور ان پر عمل کیا جاتا ہے۔

ڈائریکٹرز کی تربیت

سی سی جی کی ریگولیشن 19 کے مطابق بورڈ ممبران کی اکثریت کو یا تو ڈائریکٹرز کی تربیت درکار ہوتی ہے یا پھر ڈائریکٹرز کیلئے تربیتی پروگراموں کی دستیابی کیلئے مجوزہ کوالیفیکیشن اور تجربہ کا حامل ہونا ضروری ہے۔ تمام ڈائریکٹرز کارپوریٹ باڈیز کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے پوری طرف واقف ہیں۔

کلیدی آپریٹنگ اور مالی اعداد و شمار

پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالی اعداد و شمار سالانہ رپورٹ کے ساتھ منسلک ہے۔

پراویڈنٹ فنڈ کی سرمایہ کاری

کمپنی کے ذریعے چلائے جانے والے پراویڈنٹ فنڈ کی مالیت، فنڈ کے غیر آڈٹ شدہ کھاتوں کی بنیاد پر 31 دسمبر 2023ء کو 2,318.76 ملین (31 دسمبر 2022ء: پاکستانی روپوں میں 1668.05 ملین)

شیر ہولڈنگ کا نمونہ

سسٹمز لمیٹڈ اور اس کے ذیلی اداروں کے شیر ہولڈنگ کا نمونہ برطانیہ 31 دسمبر 2023ء سالانہ رپورٹ کیساتھ منسلک ہے۔

ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں کے ذریعے ٹریڈنگ

کمپنی کے ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں نے 31 دسمبر 2023ء کو ختم ہوئے سال کے دوران کمپنی کے شیرز میں کوئی ٹریڈنگ نہیں کی ماسوائے اس کے جسے پاکستان سٹاک ایکسچینج میں ظاہر کیا گیا ہے۔

متعلقہ فریقین کے لین دین کا جائزہ

کوڈ آف کارپوریٹ گورننس اور قابل اطلاق قواعد و ضوابط کے تعیل میں، تمام متعلقہ فریقوں کے لین دین کی تفصیلات آڈٹ کمیٹی کے سامنے رکھی جاتی ہیں اور آڈٹ کمیٹی کی سفارش پر انہیں جائزہ اور منظوری کیلئے بورڈ کے سامنے پیش کیا جاتا ہے۔ تمام ڈائریکٹرز کو اپنی دلچسپی ظاہر کرنے کی ضرورت ہے جہاں اس طرح کے لین دین ان کے مفاد میں ہیں۔

زیر غور سال کے دوران بورڈ کے 6 اجلاس، آڈٹ کمیٹی کے چار اجلاس اور ہیومن ریورس اینڈ کمپنیشن کمیٹی کے دو اجلاس منعقد ہوئے۔ متعلقہ بورڈ اور سب کمیٹیوں کے اجلاس میں ہر ڈائریکٹرز کی حاضری کا احوال ذیل میں ملاحظہ فرمائیں۔

بورڈ آف ڈائریکٹرز

ڈائریکٹر کا نام	بورڈ اجلاس	آڈٹ کمیٹی	ایچ آرسی
مسٹر اعجاز حسین	6	-	-
مسٹر ارشد مسعود	6	-	2
مسٹر آصف پیر	6	-	2
مسٹر آصف جمعہ	6	4	2
مسٹر سید محمد شہزاد	6	4	-
مسٹر عمر سعید	5	-	2
مسٹر مردمانہ عبداللہ	5	3	2

بورڈ میں تبدیلیوں بارے معلومات

ڈائریکٹرز کی موجودہ مدت مورخہ 5 دسمبر 2023ء کو مکمل ہوئی اور 26 دسمبر 2023ء کو منعقد ہونے والے غیر معمولی اجلاس عام کے ذریعے ڈائریکٹرز کی تقرری کیلئے نئے انتخابات کرائے گئے۔ بورڈ سبکدوش ہونے والے ڈائریکٹرز جناب سید محمد شہزاد اور جناب آصف جمعہ تعاون اور شمولیت کا تہہ دل سے مشکور ہے۔

بورڈ جناب زبیر سومرو اور محترمہ مہین رحمان کو نئے ساتھی ممبران کے طور پر خوش آمدید کہتا ہے۔ بورڈ کو یقین ہے کہ ٹیم کمپنی کے فائدہ کیلئے ہم آہنگی سے کام کرے گی اور نئے ممبران کمپنی کی ترقی کیلئے ایک نیا نقطہ نظر اور جذبہ کا مظاہرہ کریں گے۔

نئے بورڈ کی مدت 26 دسمبر 2026ء کو مکمل ہو جائے گی۔

ایکشن کے بعد نئے بورڈ اور کمیٹیوں کی تشکیل

بورڈ آف ڈائریکٹرز

ڈائریکٹر کا نام	کلیئرنگ	وضاحت	آڈٹ کمیٹی	ایچ آرسی کمیٹی
مسٹر اعجاز حسین	نان ایگزیکٹو	دوبارہ منتخب	×	×
مسٹر آصف پیر	ایگزیکٹو	دوبارہ منتخب	×	×
مسٹر ارشد مسعود	نان ایگزیکٹو	دوبارہ منتخب	×	✓
مسٹر مردمانہ عبداللہ	خود مختار	دوبارہ منتخب	✓	×
مسٹر عمر سعید	خود مختار	دوبارہ منتخب	×	✓
مسٹر مہین رحمان	خود مختار	نئی منتخب کردہ	✓	✓
مسٹر زبیر سومرو	خود مختار	نئی منتخب کردہ	✓	×

تقرری پر رسمی جانکاری کا حصول

بورڈ کے ہر نئے ممبر کی تقرری کے وقت اُس سے متعلقہ رسمی جانکاری حاصل کی جاتی ہے جس میں اُس کے کاروباری جانچ پڑتال، ماحول اور کمپنی کی طویل المدتی حکمت عملی جیسی معلومات شامل ہوتی ہیں۔ انتظامی اور گورننس کی مہارتوں کو بڑھانے کیلئے ڈائریکٹرز کو وسیع تربیتی پروگراموں کی پیشکش بھی کی جاتی ہے۔

ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز کی جانب سے کمپنیز ایکٹ 2017ء اور سی سی جی کے تحت ڈائریکٹرز کی رسمی مشاہرہ پالیسی جس میں ڈائریکٹران کے معاوضہ سے متعلق

• مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ سٹینڈرز پر، جیسا کہ پاکستان میں قابل اطلاق ہیں، عمل میں لایا گیا ہے اور ان سے کوئی انحراف نہیں کیا گیا۔

- اندرونی کنٹرولز کا نظام بناوٹ میں محفوظ ہے اور اس میں مؤثر انداز میں نافذ اور نگرانی کی جارہی ہے
- کمپنی کے ساتھ ساتھ اس کے ماتحت اداروں کی کاروبار کو جاری رکھنے کی صلاحیت کے بارے میں کوئی نمایاں شکوک و شبہات نہیں ہیں۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی انحراف نہیں ہے جیسا کہ لسٹنگ ریگولیشنز میں تفصیل درج ہے۔

بورڈ کی تشکیل

سی سی جی کی احتیاجات کے مطابق کمپنی معنی تنوع کے ساتھ اپنے بورڈ میں خود مختار اور نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ ڈائریکٹرز کی تعداد

(الف) مرد - 6

(ب) خواتین - 1

i خود مختار ڈائریکٹرز - 4

محترم جناب سید محمد شہزیدی

محترم جناب آصف جمعہ

محترمہ رومانہ عبداللہ

محترم جناب عمر سعید

ii نان ایگزیکٹو ڈائریکٹرز - 2

محترم جناب اعجاز حسین

محترم جناب ارشد مسعود

iii ایگزیکٹو ڈائریکٹرز - 1

محترم جناب آصف پیر سی ای او

بورڈ کمیٹیاں

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی اور ہیومن ریسورس اینڈ کمپنیشن کمیٹی تشکیل دی ہے۔

بورڈ کمیٹیوں کے ممبران اور ہر ممبر کی جانب سے اجلاس میں کی جانے والی شمولیت کی تعداد ذیل میں دی جا رہی ہے۔

آڈٹ کمیٹی ایچ آر اینڈ کمپنیشن کمیٹی (ایچ آر سی)

مسٹر سید محمد شہزیدی - چیئر مین

مسٹر آصف جمعہ - چیئر مین

مسٹر عمر سعید - ممبر

محترمہ رومانہ عبداللہ - ممبر

مسٹر ارشد مسعود - ممبر

- ایس وائے ایس بحرین برائے انفارمیشن ٹیکنالوجی ڈبلیو ایل ایل ایک محدود ذمہ دار کمپنی ہے جو بحرین میں مورخہ 15 فروری 2023ء سے کام کر رہی ہے۔ یہ کمپنی بھی سسٹمز انٹرنیشنل آئی ٹی پرائیویٹ لمیٹڈ کا مکمل ملکیتی ادارہ ہے۔
- ملائیشیاء میں سسٹمز انفارمیشن ٹیکنالوجی ملائیشیاء ایس ڈی ایس۔ بی ایچ ڈی سسٹمز انٹرنیشنل آئی ٹی پرائیویٹ لمیٹڈ کا ایک مکمل طور پر ذیلی ملکیتی ادارہ ہے۔
- سسٹمز برائے انفارمیشن ٹیکنالوجی کیو ایف زیڈ ایل ایل سی قطر میں سسٹمز انٹرنیشنل پرائیویٹ لمیٹڈ کا ایک مکمل طور پر ذیلی ملکیتی ادارہ ہے۔
- ٹیک ویسٹا سسٹمز شمالی افریقا لمیٹڈ کینیا میں سسٹمز انٹرنیشنل آئی ٹی پرائیویٹ لمیٹڈ کا ایک مکمل طور پر ملکیتی ذیلی ادارہ ہے جو مشاورتی اور ڈیٹا پراسیسنگ سافٹ ویئر ڈویلپمنٹ کی خدمات فراہم کرنے کے علاوہ ڈیٹا پراسیسنگ سنٹرز، کمپیوٹر سینٹرز، سافٹ ویئر ڈویلپمنٹ سنٹرز اور دفاتر کو فعال رکھنے کی خدمات بہم پہنچا رہا ہے۔

کمپنی کے کاروبار کی پوزیشن، کارکردگی اور مستقبل کی ترقی پر اثر انداز ہونے والے بنیادی رجحانات اور عوامل

ٹیکنالوجی تیزی سے بدل رہی ہے اور خلل ڈالنے والی ٹیکنالوجیوں کی طلب بلندی کی طرف گامزن ہے۔ تیز رفتاری سے ترقی کرنے کیلئے کمپنی کو اپنا ٹیلنٹ بڑھانا اور پروان چڑھانا ہوگا۔ متعلقہ ٹیکنالوجیوں میں پیشرفت سے کمپنی کے کاروبار کی پوزیشن اور مستقبل کی کارکردگی پر نمایاں اثر پڑے گا۔

اندرونی مالیاتی کنٹرول کی قابلیت

- ایک گروپ کی حیثیت سے گروپ کو درپیش خطرات کی نشاندہی اور انتظام کیلئے سسٹمز لمیٹڈ کی انتظامیہ کمپنی اور گروپ کے اندرونی کنٹرول کے سسٹم کے قیام اور دیکھ بھال کیلئے ذمہ دار ہے۔ یہ سسٹم اگرچہ مطلق نہیں لیکن معقول یقین دہانی کراتا ہے کہ:
- غیر مجاز استعمال یا برتاؤ کے خلاف اثاثوں کی حفاظت کی جاتی ہے؛
- کاروبار کے اندر استعمال کیلئے درست اور قابل اعتماد اکاؤنٹنگ ریکارڈ دستیاب ہیں؛
- آپریشنل برنسز کے اندر مناسب کنٹرول میکانیزم قائم کیا گیا ہے اور
- کمپنی کے اندر لگائے گئے انٹرنل فنانشل کنٹرولز پورے سال کے دوران تسلی بخش رہے ہیں

کارپوریٹ گورننس اور مالی رپورٹنگ کا ڈھانچہ

- جیسا کہ کوڈ آف کارپوریٹ گورننس کی ضرورت ہے ڈائریکٹرز کو اس بات کی تصدیق کرتے ہوئے خوشی ہے کہ
- کمپنی اور گروپ کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اس کی صورت حال، اس کی کارروائیوں کے نتائج، نقد بہاؤ اور ایکویٹی میں بدلاؤ کو منصفانہ طور پر پیش کرتے ہیں۔
- کمپنی اور اس کے ذیلی اداروں میں سے ہر ایک کے اکاؤنٹس کی مناسب بکس برقرار رکھی گئی ہیں
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی گئی ہیں اور اکاؤنٹ کے تخمینے معقول اور محتاط فیصلے پر مبنی ہیں۔

رہی ہے۔ کمپنی نے بینکنگ کے شعبہ میں اے آئی پریزبی انٹاٹوں/مصنوعات/سلوشن کی شمولیت پر سرمایہ کاری کی ہے اور یہ اقدامات کمپنی کو نئے معاہدے بنانے میں مددگار ثابت ہوں گے۔ کمپنی نے اعادہ کیا ہے کہ وہ نئی اور بنیادی ٹیکنالوجیوں اور دیگر کوئی بھی نئی ٹیکنالوجی (مائیکروسافٹ، گوگل، ایمازون اور سیلز فورس) جہاں سرمایہ کاری کی ضرورت ہو کے حوالے سے سرمایہ کاری کریں گی۔

« کمپنی نے سال 2023ء کے دوران اے پی اے سی ریجن میں 15 سال تجزیاتی کٹری ماڈل بینک کے حقوق حاصل کرنے کیلئے ٹیمپوز کے ساتھ ایک بڑا معاہدہ کیا ہے۔ اس سے اے پی اے سی ریجن میں بڑے کاروباری مواقعے میسر آئیں گے۔ اس کے علاوہ سال 2022ء میں ای اے ڈیل پر ہونے والے دستخط کو 10 سال کیلئے توسیع دے دی گئی ہے۔

« کمپنی نے سال 2022ء میں ورٹیکل فوکس کا آغاز کیا اور ان بنیادی ورٹیکلز میں بی ایف ایس، ٹیلی کمیونیکیشن اور پبلک سیکٹر شامل تھا اور ان ورٹیکلز میں شاندار ترقی اور کاروباری مواقعے حاصل ہوئے ہیں۔

« کمپنی نئی منڈیوں میں سرمایہ کاری اور اسی طرح کے کاروباروں کے حصول کی اجازت دینے کیلئے حکومت کے ساتھ فعال طور پر لا بنگ کر رہی ہے جو کمپنی کے توسیعی منصوبوں میں حصہ ڈالیں گے۔ نئی حکومت کے ساتھ کمپنی کو اُمید ہے کہ اس سے کاروبار کیلئے نئے دروازے کھلیں گے۔

« کمپنی نہ صرف پاکستان بلکہ عالمی سطح پر بھی غیر نامیاتی ترقی کے مواقعوں کی تلاش جاری رکھنے کا ارادہ رکھتی ہے۔ کمپنی ان کاروباری مواقعوں کا جائزہ لے رہی ہے جو کمپنی کی حکمت عملی، ساخت اور ثقافت سے ہم آہنگ ہیں۔

کمپنی کو درپیش بنیادی خطرات اور غیر یقینی صورتحال

خطرے کے عوامل

ذیل میں کچھ خطرات ہمارے کاروبار اور مالیاتی نتائج کو متاثر کر سکتے ہیں:

- سیاسی خطرہ۔ موجودہ مقامی اور عالمی سیاسی ماحول کاروبار کو متاثر کر سکتا ہے اگر صورت حال خراب ہو جاتی ہے۔
- ٹریول ایڈوائزی کا خطرہ۔ کسی بھی سفری ایڈوائزی کی صورت میں سرمایہ کار اور خریدار ملک کا سفر نہیں کر سکیں گے۔ اگرچہ گزشتہ چند سالوں میں آف شورنگ میں اضافہ ہوا ہے، تاہم کاروباری سفر اب بھی آن سائٹ مراکز کیلئے ضروری ہے اور سفری پابندیاں کاروبار پر اثر انداز ہوں گی کیونکہ وسائل غیر ملکی گاہکوں سے ملنے کے قابل نہیں ہوں گے۔
- اندرونی خطرات۔ سیاسی عدم استحکام، افراط زر اور شرح سود کاروبار کو متاثر کر سکتی ہے۔
- شرح مبادلہ کا خطرہ۔ متعلقہ کرنسیوں کے درمیان شرح مبادلہ میں اتار چڑھاؤ کے نتیجے میں سرمایہ کاری کی قدر میں کمی کا امکان۔
- عالمی کساد بازاری۔ جمود کی وجہ سے پیدا ہوا جس کے نتیجے میں عالمی سطح پر معاشی سرگرمیاں سست ہو گئیں۔

کمپنی یا اس کے ذیلی اداروں اور مشترکہ عملدرآمدیوں کے کاروبار کی نوعیت سے متعلقہ مالی سال کے دوران تبدیلیاں۔

کمپنی یا اس کے ذیلی اداروں کے کاروبار کی نوعیت میں کوئی تبدیلی رونما نہیں ہوئی ہے۔ کمپنی نے سال کے دوران درج ذیل اداروں کو شامل کیا ہے

نئے اکتسابات

- سسٹم ہولڈنگز (پرائیویٹ) لمیٹڈ کمپنیز ایکٹ 2017ء کے تحت تشکیل 2023ء سے پاکستان میں کام کر رہی ہے۔
- کمپنی سسٹم لمیٹڈ کا ایک مکمل ملکیتی ادارہ ہے۔

• کمپنی نے ترقی کی رفتار کو برقرار رکھنے کیلئے سال 2023ء کے دوران نئی مارکیٹوں جیسا کہ سعودی عرب، اے پی اے سی اور افریقا میں نمایاں سرمایہ کاری کی ہے۔ اب کمپنی مضبوط اور پائیدار ترقی کے حصول کیلئے ان مارکیٹوں کو منظم کر رہی ہے تاکہ کی جانے والی سرمایہ کاری سے فائدہ حاصل ہو سکے۔

• کمپنی نے سال 2023ء کے دوران اخراجات پر مہنگائی کے نمایاں دباؤ کا سامنا کیا اور یہ دباؤ 2024ء تک اجرت کی افراط زر کی صورت میں برقرار ہے گا۔ روپے کی قدر میں تاریخی کمی جو کہ پاکستان کیلئے 8 سے 10 فیصد کے لگ بھگ ہونے کی توقع ہے، افراط زر کی تلافی کر رہی تھی لیکن 2024ء میں یہ اب تک صرف 3 فیصد رہی ہے، جس سے مارجن پر مزید دباؤ پیدا ہو رہا ہے۔

• بی ایف ایس۔ ٹیمینوس اب پختہ ہو چکا ہے اور این ڈی سی برانڈ کو سسٹمز برانڈ کے ساتھ مکمل طور پر ضم کر دیا گیا ہے۔ کمپنی بینکنگ اور مالیاتی خدمات کی ترقی پر توجہ مرکوز کر رہی ہے اور ٹیمینوس بنیادی پیشکشوں میں سے ایک ہے۔ کمپنی کو اس ورٹیکل میں منافع بخش امکانات نظر آ رہے ہیں۔

تازہ ترین علاقائی معلومات

« سعودی مارکیٹ 2030ء کے اقدامات، ایکسپو 2030 اور فیفہ 2034ء ورلڈ کپ کے ویژن کے ساتھ آگے بڑھ رہی ہے اور یہ کمپنی کو آگے بڑھانے اور ترقی کے مواقع فراہم کرنے میں مددگار ثابت ہوگا، کمپنی اس ترقی کو سپورٹ کرنے کیلئے مطلوبہ سرمایہ کاری بھی کر رہی ہے اور یہ اُمید کرتی ہے کہ تازہ ترین مواقعوں کی بنیاد پر کمپنی گراں قدر ترقی کرے گی۔

« اسی طرح یو اے ای اور دیگر جی سی سی ممالک مسلسل ترقی کا مظاہرہ کر رہے ہیں اور کمپنی صارفین کے حصول اور نئے کاروباری مواقعوں کے حوالے سے مقابلہ جاتی ٹیکنیکل برانڈز کے مقابلہ میں کامیابی کی راہ پر گامزن ہے۔

« کمپنی نے یورپ میں کاروبار کے اچھے مواقع حاصل کئے ہیں اور لحاظ سے ترقی کی توقع بھی کی جا رہی ہے۔

« توقع کی جا رہی ہے کہ 2024 میں نارٹھ امریکن سیکٹر میں زیادہ استحکام رہے گا۔ کمپنی اس حصہ میں بزنس ڈویلپمنٹ آپروچ کی حکمت عملی پر نظر ثانی کرتے ہوئے کاروباری فروغ پر توجہ دے رہی ہے۔

« مقامی مارکیٹ کے حوالے سے کمپنی توقع کر رہی ہے کہ حالیہ الیکشنوں کے بعد بہتری دیکھنے میں آسکتی ہے۔ کمپنی کوشش کر رہی ہے کہ مقامی مارکیٹ میں زیادہ سے زیادہ ڈالرز کی کرنسی پر مبنی معاہدے کئے جائیں تاکہ کمپنی کو کرنسی کے اتار چڑھاؤ سے بچایا جاسکے۔ اس ضمن میں کمپنی کی 95 فیصد آمدن ایف سی و اے سے حاصل کی جا رہی ہے اور صرف 5 فیصد مقامی کرنسی میں کام کیا جا رہا ہے۔

« مصر کا ترقیاتی مرکز نہ صرف لاگت کا مرکز ہے بلکہ یہ فائدہ مند معاہدے کر رہا ہے اور گروپ کی آمدن میں حصہ ڈالنے کے علاوہ اس کے کیش فلو کو بھی فنڈ فراہم کر رہا ہے۔

« وسائل کی طلب کو سمجھتے ہوئے کمپنی نئے مواقع تلاش کر رہی ہے تاکہ نئے سپلائی سنٹرز کو لے جاسکیں اور ترقی اور توسیع حاصل کی جاسکے۔

« آرٹیفیشل انٹیلی جنس اور اس کی شاندار اپیلی کیشن کی مانگ کو دیکھتے ہوئے کمپنی نے اے آئی انوویٹیشن لیب کی تشکیل دی ہے اور اے آئی میں وسائل کی مہارتوں میں اضافے اور نئی مہارتوں کی آموزش پر بھاری سرمایہ کاری کی ہے کیونکہ کمپنی یہ سمجھتی ہے کہ اس سیکٹر میں بڑی مارکیٹ بن سکتی ہے۔ سپلائی کے مقابلہ میں اے آئی کی طلب زیادہ ہے اور کمپنی بہترین اور موزوں وسائل کی تشکیل کو یقینی بنا

مقاصد کی پیش رفت کی اطلاع دی جاتی ہے۔
کمپنی نے پائیداری کے ستونوں پر درج ذیل کلیدی اقدامات کئے ہیں:-

ماحول کا خیال

- آگاہی پروگراموں کے ذریعے پانی کی بچت
- توانائی کی کھپت کی قریب سے نگرانی
- ویسٹ کو کم کرنے کیلئے دوبارہ استعمال اور ری سائیکل کے طریقوں کو اپنانا

ملازمین کے ساتھ حسن سلوک

- مزید مہارت یافتہ ملازمین کی تعیناتی
- ٹاؤن ہالز اور مینجمنٹ اجلاسوں کے ذریعے ملازمین کی رابطہ کاری میں اضافہ
- خواتین کی خود مختاری پر خصوصی توجہ

ملازمین کے ساتھ حسن سلوک

- ٹریننگز اور سرٹیفیکیشنز میں واضح اضافہ
- کام کی جگہ پر تحفظ کو یقینی بنانا

سماج کو واپس دینا

- سی ایس آر بجٹ مختص کرنا اور منصوبہ بندی ایس آر اقدامات
- آئی ٹی مستقبل پروگرام کے ذریعے ڈیجیٹل شمولیت میں اضافہ
- سکولوں، ہسپتالوں اور دیگر عطیاتی تنظیموں کی عطیات میں اضافہ
- ملازمین کی مشکلات میں اُن کی مدد کرنا

گورننس

- جی آر سی کو فروغ دینے والا آزاد بورڈ اور اس کی کمیٹیاں
- ذمہ دارانہ ٹیکس کے طریقے۔
- ضابطہ اخلاق/ کاروباری اخلاقیات
- سائبر سیکورٹی اور ڈیٹا کی رازداری
- تمام متعلقہ پارٹی ٹرانزیکشنز کا انکشاف

پائیدار معاشی ترقی

- 5 سال کی آمدنی سی اے جی آر 63 فیصد سے زائد
- ڈیویڈنڈ کی مسلسل ادائیگی اور کپٹل ریزیروں کے فوائد
- ارتکاز کے خطرے کو کم کرنے کیلئے عالمی توسیع

مخصوص اثرات پر مزید تفصیلات کیلئے سالانہ رپورٹ کے صفحہ 83 سیکشن میں ایک پائیدار/مستقل ڈیلیش بورڈ شامل کیا گیا ہے۔

کے استحکام، تسلسل اور پائیداری کی تصدیق کرتا ہے جسے مائیکروسافٹ نے تسلیم کیا ہے۔ یہ کمپنی کی مسلسل کارکردگی کا منہ بولتا ثبوت ہے۔ کمپنی کو فوربز ایشیا بیسٹ انڈر اے بلین نے مسلسل 4 سالوں سے ٹاپ 200 کمپنی کے طور پر تسلیم کیا ہے۔ اس کے علاوہ کمپنی نے ایشیا میں سب سے تیزی سے ترقی کرنے والی کمپنی کا اعزاز بھی حاصل کیا ہے۔ کمپنی علاقائی مارکیٹوں میں سرٹیکس بنانے کے حوالے سے پہچان کا فائدہ اٹھا رہی ہے۔ ٹیمینوز نے کمپنی کو 2023ء میں سال کے بہترین علاقائی ڈیوری پارٹنر کے طور پر بھی تسلیم کیا ہے۔ یہ ایوارڈ این ڈی سی کے حصول اور کمپنی کے موجودہ کاروبار کے ساتھ انضمام کی کامیابی کی تصدیق کرتا ہے۔

افراد قوت کی مہارتوں میں اضافہ

کمپنی موجودہ ملازمین کی تربیت، اُن کی مہارتوں میں اضافے اور نئی مہارتوں کی تربیت پر توجہ مرکوز کرتے ہوئے اپنی افرادی قوت میں سرمایہ کاری کر رہی ہے۔ کمپنی اپنے افرادی قوت پر مبنی وسائل کی نئی ٹیکنالوجیوں اور مستقبل کی ٹیکنالوجیوں جیسا کہ آرٹیفیشل انٹیلی جنس (اے آئی) اور جی ای این اے آئی پر تربیت کر رہی ہے۔ یہ نقطہ نظر صنعت کے رجحانات سے آگے رہنے اور افرادی قوت کو مستقبل کے چیلنجوں اور موقع کیلئے تیار کرنے کے عزم کی نشاندہی کرتا ہے۔ کمپنی نے علاقائی منڈیوں کے لئے بھی کلیدی وسائل کی خدمات حاصل کرنے میں سرمایہ کاری کی ہے۔ ہنرمندی و وسائل کو برقرار رکھنے، بڑھانے اور تکرار کو منظم کرنے کیلئے کمپنی نے مستقبل کی ترقی کے لئے بھی ایک پیچ تشکیل دیا ہے۔

انفراسٹرکچر

کمپنی مزید ترقی کیلئے موزوں انفراسٹرکچر کی حامل ہے۔ اس ضمن میں کمپنی سال 2024ء میں بجلی کے بلوں میں کمی کیلئے سولر پاور پلانٹس پر سرمایہ کاری کرنے میں دلچسپی رکھتی ہے۔ اس کے علاوہ کمپنی ہیڈ آفس لاہور میں اضافی 750 وہیکلوں کی پارکنگ کیلئے پارکنگ پلازہ تعمیر کرنے کا بھی ارادہ رکھتی ہے۔

کارپوریٹ سماجی ذمہ داری (سی ایس آر)

کمپنی کا مقصد اپنے دائرہ عمل کے علاقوں میں ایک فعال کارپوریٹ شہری بننا ہے۔ کمپنی کا خیال ہے کہ مستقبل نوجوانوں کے ہاتھوں میں ہے۔ ہم یہ بھی مانتے ہیں کہ ٹیکنالوجی قوم کے مستقبل کی تشکیل کرتی ہے، اس لئے ہماری کوششیں ہے کہ ٹیکنالوجی سے متعلق اقدامات پر زیادہ توجہ مرکوز رکھی جائے۔ نوجوانوں کی ترقی میں سرمایہ کاری کے علاوہ، کمپنی پسماندہ بچوں اور نوجوانوں کو اپنی زندگی میں آگے بڑھنے اور بے کار ہونے سے بچنے میں مدد کرتی ہے۔ ہمارے اقدامات بنیادی طور پر درج ذیل پر مرکوز ہیں۔

• تعلیم • صحت اور • ماحولیاتی تبدیلی

کمپنی نے اس سلسلے میں مالی سال کے دوران تقریباً 70 ملین روپے خرچ کئے ہیں۔ کمپنی نے آئی ٹی مستقبل کے تربیتی پروگرام کا آغاز کیا، جس کے تحت ٹیلنٹ کی حامل افرادی قوت کی از سر نو جدید خطوط پر تربیت پر بھرپور توجہ دی جا رہی ہے۔ یہ پروگرام آئی ٹی سے متعلقہ ٹیکنالوجیوں میں مہارت حاصل کرنے اور بالآخر کارپوریٹ دنیا میں مواقع تلاش کرنے کیلئے ہر ایک کو یکساں مواقع فراہم کرنے کے حوالے سے وقف ہے۔

کیونٹی کو دستیاب صحت اور طبی خدمات کی مجموعی حیثیت اعلیٰ کارپوریٹ سماجی ذمہ داریوں میں شامل ہے۔ کمپنی اس مقصد کیلئے تعاون، عطیات اور کفالت کے ذریعے سماج کو صحت کی دیکھ بھال کی سہولیات فراہم کرنے میں معاونت اور مدد کرتی رہتی ہے۔

انوائٹمنٹ، سوشل، گورننس (ای ایس جی)

سسٹمز ای ایس جی ویژن 2030ء کے مطابق کمپنی نے کمپنی نے پانچ ستون واضح کئے ہیں تاکہ اس کے ای ایس جی فوٹ پرنٹس کو پورا کیا جاسکے اور اقوام متحدہ کے پائیداری کے اصولوں کے ساتھ اپنی سرگرمیوں کا نقشہ بنایا جاسکے۔ اس سلسلے میں وقتاً فوقتاً از خود جائزہ لیا جاتا ہے اور ہر ستون کے ساتھ منسلک

شمالی امریکا اور یورپ

شمالی امریکہ کے علاقے کے مارجن 35 فیصد جی پی اور 24 فیصد او پی ہیں۔ یورپ کے خطے کا مارجن 38 فیصد جی پی اور 27 فیصد او پی ہے۔ سال 2022ء میں سی ایل او ایس کی ایک طرف فروخت کو یورپ کے حصہ کے طور پر کلاسیفائیڈ کیا گیا تھا۔ چونکہ پی اینڈ ایل ٹرانزیکشن میں غیر جانبدار ہے، اس لئے یورپ کے خطے کا نارمل مارجن 39 فیصد جی پی اور 26 فیصد او پی تھا۔ کمپنی مستقبل کے اندر اس سیکمنٹ میں مناسب ترقی کی توقع کر رہی ہے۔

مشرقی وسطیٰ افریقہ

مشرقی وسطیٰ افریقہ کے خطے میں متحدہ عرب امارات کے اندر ٹی وی ایس اور سسٹمز عریبیہ ترقی کی رفتار کو آگے بڑھاتے ہوئے مجموعی آمدنی میں تقریباً 83 فیصد حصہ ڈال رہا ہے۔ قطر بھی کاروباری رفتار میں بہتری لانے کی کوشش کر رہا ہے اور توقع ہے کہ مستقبل قریب میں یہ ایک بڑے کاروبار کا پیش خیمہ ثابت ہوگا۔

اے پی اے سی

اے پی اے سی بھی ایک اہم ورٹیکل بن گیا ہے جہاں کمپنی خاص طور پر ٹیکنالوجی اور بی ایف ایس آئی کے شعبے میں نمایاں ترقی دیکھ رہی ہے۔

پاکستان

کمپنی اپنے اندرون ملک کاروبار کو دوبارہ ترتیب دے رہی ہے اور اس نے کسٹمر بیس کو پبلک سیکٹر اور ایس ایم ایز سے پرائیویٹ سیکٹر کے بڑے پیمانے پر انٹراپرائز میں تبدیل کر دیا ہے۔ کمپنی ٹیلی کام اور مالیاتی اداروں کے ساتھ طویل مدتی انتظامی خدمات کے معاہدوں کے حصول پر توجہ مرکوز کئے ہوئے ہے۔

منافع اور تخصیص

سال 2023ء کیلئے ڈائریکٹرز نے حتمی نقد منافع بحساب - 61 روپے فی شیئر (2022: مبلغ 5 روپے فی شیئر) سال کے دوران منافع کی مد میں درج ذیل تخصیص کی گئی:-

غیر مختص شدہ منافع (پاکستانی روپوں میں)

12,283,429,147	31 دسمبر 2022ء کو بقایا
8,559,160,491	سال کیلئے کل مجموعی آمدن
(1,455,268,500)	کی: 31 دسمبر 2022ء کو ختم ہوئے سال کیلئے حتمی نقد منافع بحساب 5 روپے فی شیئر
19,387,321,138	31 دسمبر 2023ء کو بقایا

فی شیئر آمدن

کمپنی کیلئے 31 دسمبر 2023ء کو ختم ہوئے سال کیلئے فی شیئر بنیادی اور رقیق آمدنی 29.41 روپے اور 29.22 روپے (31 دسمبر 2022ء - مبلغ 22.44 روپے اور مبلغ 22.29 روپے) تھی۔ اسی طرح گروپ کیلئے فی شیئر بنیادی اور رقیق آمدنی مبلغ 29.86 اور 29.66 (31 دسمبر 2022ء - مبلغ 23.61 اور مبلغ 23.45 روپے) تھی۔

ایوارڈز اور اعزازات

کمپنی کو متحدہ عرب امارات اور پاکستان کیلئے مائیکروسافٹ کنٹری پارٹنر آف دی ایئر حاصل کرنے پر فخر ہے۔ متحدہ عرب امارات میں کمپنی عالمی سطح پر تمام بڑی فرموں کے ساتھ مقابلہ کرتی ہے اور یہ پہچان کمپنی کو علاقائی منڈیوں اور کاروباری کے حصول میں اچھی ساکھ قائم کرنے میں مدد دے رہی ہے۔ کمپنی کا اعزاز ہے کہ کاروباری اعتبار کو مزید مضبوط کرتے ہوئے کمپنی پچھلے تین سالوں سے مائیکروسافٹ انر سیکل ایوارڈ کی حقدار ٹھہر رہی ہے۔ یہ سیکل سیدٹ

- بینکنگ فنانشل سروسز اینڈ انشورنس (بی ایف ایس آئی): اس حصہ میں بینکنگ، فنانشل سروسز اور انشورنس سے متعلقہ سرگرمیاں شامل ہیں۔
- ریٹیل اینڈ سی پی جی (صارف پیکیج مصنوعات): یہ حصہ ریٹیل آپریشنز اور ایشیائے صرف پر مشتمل ہے۔
- ٹیلی کوم (ٹیلی کمیونیکیشن): اس حصہ میں ٹیلی کمیونیکیشن سروسز اور ٹیکنالوجی شامل ہیں
- ٹیکنالوجی: اس حصہ میں ٹیکنالوجی سے متعلقہ سلوشنز، مصنوعات اور خدمات شامل ہیں
- دیگر: اس میں تمام کیٹیگریز شامل ہیں جس میں وہ تمام بقایا حصے شامل ہو سکتے ہیں جو مذکورہ بالا مخصوص حصوں میں شامل نہ ہوں

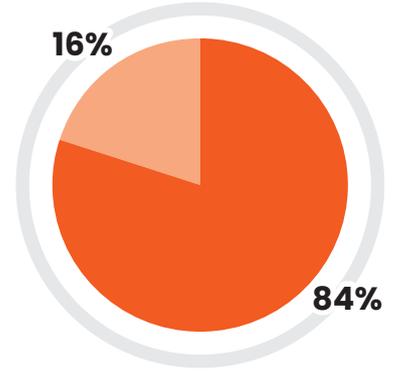
بی ایف ایس آئی		ریٹیل اور سی پی جی		ٹیکنالوجی		ٹیلی کام		دیگر		گل		
2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
ملین روپے												
ریونیو	15,266	10,581	5,716	4,519	7,393	4,498	11,809	5,156	13,252	7,007	53,435	31,760
ریونیو کی لاگت	(12,906)	(8,773)	(3,367)	(2,509)	(4,669)	(2,851)	(8,687)	(3,918)	(10,150)	(5,072)	(39,778)	(23,124)
کل منافع	2,360	1,808	2,349	2,009	2,724	1,647	3,122	1,238	3,102	1,934	13,657	8,636
تقسیم کے اخراجات	(448)	(196)	(168)	(116)	(217)	(116)	(347)	(132)	(389)	(180)	(1,570)	(741)
انتظامی اخراجات	(1,138)	(659)	(426)	(389)	(551)	(388)	(880)	(444)	(988)	(604)	(3,983)	(2,484)
	(1,586)	(856)	(594)	(505)	(768)	(503)	(1,227)	(577)	(1,377)	(784)	(5,552)	(3,224)
منافع/ (نقصان) قبل از ٹیکس اور غیر مختص اکم اور اخراجات	774	952	1,755	1,504	1,955	1,144	1,895	661	1,725	1,151	8,104	5,412

جغرافیائی حصہ

کمپنی چاروں حصوں میں بہتر ترقی کو ظاہر کرتی ہے، جس میں مشرق وسطیٰ کا علاقہ سب سے آگے رہا، اس کے پیچھے پاکستان اور شمالی امریکہ رہا۔ کمپنی کی برآمدگی فروخت کل فروخت کا تقریباً 84 فیصد ہے، ڈومیسٹک سیلز کا حصہ 16 فیصد ہے، آنے والے برسوں میں برآمدات کے جزو کو مزید بڑھانا کمپنی کا ہدف ہے۔ نئے علاقوں اور نئی مارکیٹوں میں تنوع اس مقصد کے حصول میں معاون ہوگا کیونکہ کمپنی فعال انداز میں نئے علاقوں میں توسیع کیلئے کوشاں ہے۔ سال کے دوران کمپنی نے موجودہ صارفین سے دوبارہ کاروبار حاصل کرنے میں نمایاں پیش رفت کی اور نئے صارفین کو کراس سیلنگ اور آپ سیلنگ کے علاوہ دونوں حصوں کے ذریعے موصول ہونے والے صارفین کے ذریعے اپنے کاروبار میں اضافہ کیا۔

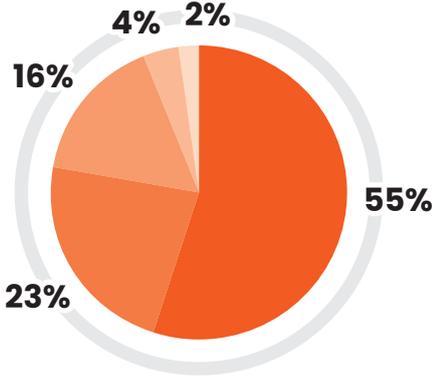
شمالی امریکا		یورپ		مڈل ایسٹ افریقا		اے پی اے سی		پاکستان		گل		
2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
ملین روپے												
ریونیو	12,262	9,342	1,891	4,367	29,309	12,092	1,328	456	8,645	5,502	53,435	31,760
ریونیو کی لاگت	(8,005)	(5,940)	(1,171)	(3,813)	(21,264)	(8,288)	(854)	(227)	(8,486)	(4,855)	(39,778)	(23,124)
کل منافع	4,258	3,403	720	554	8,045	3,804	474	229	159	647	13,657	8,636
تقسیم کے اخراجات	(33)	(9)	(19)	(1)	(1,257)	(472)	(139)	(12)	(121)	(247)	(1,570)	(741)
انتظامی اخراجات	(1,265)	(966)	(195)	(175)	(2,132)	(1,048)	(62)	(16)	(328)	(279)	(3,983)	(2,484)
	(1,298)	(975)	(214)	(176)	(3,389)	(1,520)	(201)	(28)	(450)	(526)	(5,552)	(3,224)
منافع/ (نقصان) ٹیکس کوٹی سے قبل اور غیر مختص آمدن اور اخراجات	2,960	2,428	506	378	4,656	2,283	273	201	290	121	8,104	5,412

برآمدی شراکت



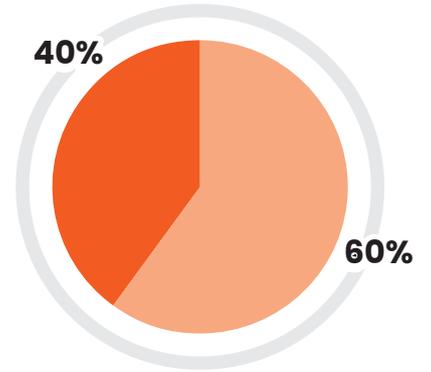
برآمدی 84% اندرونی 16%

جغرافیائی لحاظ سے آمدنی



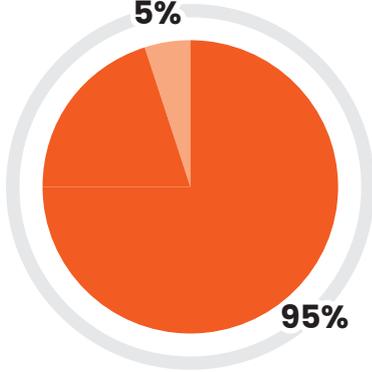
متحدہ عرب امارات 55% شمالی امریکا 23% یورپ 16% اے پی اے سی 4% غیر ملکی کرنسی 2%

کرنسی کے لحاظ سے لاگت



غیر ملکی کرنسی 60% پی کے آر 40%

کرنسی کے لحاظ سے ریونیو



غیر ملکی کرنسی 95% پی کے آر 5%

حصہ کے لحاظ سے کارکردگی (منظم)

ورٹیکل حصہ

کمپنی نے ترقی کیلئے اپنی حکمت عملی کو دوبارہ ترتیب دیا اور جغرافیائی حصوں کے ساتھ صنعتی ورٹیکلز کی بنیاد پر کارکردگی کی نگرانی شروع کی ہے۔ اس سے مختلف ورٹیکلز میں ٹیکنالوجیوں اور سلسلوں کی متقابل فروخت کے ذریعے ہم آہنگی حاصل کرنے میں مدد ملتی ہے۔ یہ نقطہ نظر کمپنی کو مختلف شعبوں میں اپنی مہارت اور صلاحیتوں کو زیادہ موثر طریقے سے استعمال کرنے کی اجازت دیتا ہے، جس سے آپریشنل کارکردگی میں اضافہ ہوتا ہے۔

کمپنی ہر ورٹیکل کے اندر اپنے مقابل قوتوں کو بہتر طور پر سمجھ سکتی ہے اور ان علاقوں کی نشاندہی کرتی ہے جہاں وہ اپنی قوت سے فائدہ اٹھا سکتی ہے۔ مزید برآں یہ کہ صنعتی ورٹیکلز پر زور دینے سے ان شعبوں کے اندر توسیع کی اہمیت کو اجاگر کرتی ہے جو زیادہ مارجن پیش کرتے ہیں، جو کہ آمدنی پیدا کرنے اور منافع کیلئے حکمت عملی کے نقطہ نظر کی نشاندہی کرتا ہے۔

کمپنی ورٹیکل حصوں کے ساتھ ساتھ جغرافیائی حصوں کے استعمال کو جاری رکھے گی۔ تاہم اس وقت صنعتی ورٹیکلز کے ارد گرد گردش کرنے والے چار بنیادی حصے کمپنی کی حکمت عملی کی تبدیلی کی نشاندہی کرتے ہیں۔

کمپنی سے پیدا ہوتا ہے۔ دوبارہ تشخیص پر وہی نوٹیشنل ویلیو لکھی گئی ہے۔ نقصان کے شیئر کے بعد بقایا کیرنگ ویلیو مبلغ 201.55 ملین ہے۔ اس ایڈجسٹمنٹ کے ساتھ کمپنی کی کٹب میں تمام سرمایہ کاری کورائٹ آف کر دیا گیا ہے۔ اس مدت کے دوران فی شیئر کی بنیادی اور رقیق آمدنی میں 26 فیصد اضافہ ہوا۔ آمدنی میں اضافہ کمپنی اور اس کے ماتحت اداروں دونوں کے ذریعے ہوتا ہے۔

منظم

تفصیلات	سال بہ سال	مالی سال 2022ء	مالی سال 2023ء
ریونیو*	68%	31,759,927,263	53,435,483,177
مجموعی منافع	58%	8,636,279,367	13,656,685,787
آپریٹنگ منافع**	44%	5,362,828,298	7,732,547,097
ایسوسی ایٹ سے نقصان کا حصہ***	-	(323,899,362)	(48,069,294)
ایسوسی ایٹس میں سرمایہ کاری پر نقصان****	-	-	(729,463,249)
ٹیکس سے پہلے منافع	33%	6,981,169,335	9,279,622,243
ٹیکس کے بعد منافع	31%	6,629,661,309	8,688,889,893
فی شیئر آمدن (بنیادی)	26%	23.61	29.86
فی شیئر آمدن (تیق)	26%	23.45	29.66

* منظم آمدن میں سی ایل او ایس کے لائسنس کی فروخت سے ہونے والی ایک طرفہ آمدن شامل ہے۔

** آپریٹنگ منافع میں جو موٹیکنا لوجیز (پرائیویٹ) لمیٹڈ میں سرمایہ کاری کی دوبارہ پیمائش پر ایک عدد نقصان شامل ہے جس کی رقم 154.46 ملین روپے بنتی ہے۔

*** نقصان کا حصہ مناسب حصہ ہے اور یہ کہ ای پی سسٹمز بی۔ وی کو جگنوٹیکنا لوجیز (پرائیویٹ) لمیٹڈ کے تصرف سے حاصل ہونے والے منافع کی وجہ سے ریٹیلستان کے منافع کے حصے سے بند کیا گیا ہے۔

**** اس میں ای پی سسٹمز بی وی اور سیلز فلو سے متعلق خرابی کے نقصانات شامل ہیں کیونکہ کمپنی کے استعمال میں قیمت سرمایہ کاری کی کیرنگ ویلیو سے کم ہے۔

منظم۔ ریونیو (پاکستان روپوں میں کم از کم)
سی اے جی آر 63 فیصد

منظم۔ آپریٹنگ منافع (پاکستان روپوں میں کم از کم)۔
سی اے جی آر 55 فیصد



منظم۔ خالص منافع (پاکستانی روپوں میں کم از کم)۔
سی اے جی آر 53 فیصد

منظم۔ ای پی ایس۔ بیک (روپے)
سی اے جی آر 50 فیصد



Year	Value	Year	Value
2019	1,364	2019	5.02
2020	2,194	2020	8.03
2021	3,321	2021	12.06
2022	6,300	2022	22.44
2023	8,559	2023	29.41

منظم

مورخہ 31 دسمبر 2023ء کو ختم ہونے والے سال کے دوران کمپنی کا آپریٹنگ ریونیو سال 2022ء کے آپریٹنگ ریونیو یعنی 31,759.92 کے مقابلہ میں مبلغ 53,435.48 ملین ہوا۔ حالیہ مدت ظاہر کرتی ہے کہ CLOS جو کہ این ڈی سی کی جانب سے تیار کی جانے والی ایک ایسی پراڈکٹ ہے جسے 7 ملین امریکی ڈالر کی پیشگی ادائیگی اور پانچ سال کی مدت کیلئے موجودہ قیمت پر تسلیم شدہ 8 ملین امریکی ڈالر کی رائلٹی پر فروخت کیا گیا کی ون آف سیل لائسنس کی فروخت کے ذریعے گزشتہ برس کے رپورٹ کردہ ریونیو کے معمول پر آنے سے مبلغ 24,608.19 ملین کا نمایاں اضافہ ہوا۔ پی اینڈ ایل کو بے اثر کرنے کے وقت 15 ملین امریکی ڈالر کی لاگت کو دوبارہ قابل قدر غیر محسوس چیزوں کے مقابلے میں ایڈجسٹ کیا گیا تھا۔ سال 2023ء میں محصولات کے اندر معمول کے مطابق اضافہ 85 فیصد رہا اور سال 2022ء میں ایک طرفہ آمدنی کے ساتھ رپورٹ کردہ نمو 68 فیصد رہی جبکہ مجموعی منافع میں 58 فیصد اضافہ ہوا۔

عمومی کاروبار سے آپریٹنگ منافع 7,887.02 ملین روپے ہے جو کہ 47.06 فیصد اضافہ کو ظاہر کرتا ہے۔ رپورٹ کردہ نمبر میں جو موٹیکنا لوجیز (پرائیویٹ) لمیٹڈ میں سرمایہ کاری کی دوبارہ پیمائش پر ہونے والا ایک نقصان شامل ہے جس کی رقم 154.46 ملین روپے بنتی ہے، رپورٹ شدہ نمو کو 44.19 فیصد تک لایا ہے۔ 31 دسمبر 2022ء کو ختم ہونے والے سال کے دوران، انتظامیہ نے ایک اسٹریٹجک سرمایہ کاری کے طور پر پاکستان کے سب سے تیزی سے بڑھتے ہوئے فیشن ای کامرس برانڈ جو مو میں 9 فیصد حصص حاصل کئے۔ تاہم، ملک میں معاشی بدحالی اور متوقع فنڈنگ میں تاخیر کے نتیجے میں برینڈ کی لیکویڈیٹی اور مالیاتی کارکردگی کو مدنظر رکھتے ہوئے، انتظامیہ کا خیال ہے کہ 154.46 ملین روپے کی سرمایہ کاری کی قیمت صحیح معنوں میں اس کی مناسب قیمت کی عکاسی نہیں کرتی ہے۔ اس لیے انتظامیہ نے دانشمندی کے پیش نظر سرمایہ کاری کی مطلوبہ خرابی کو دور کیا ہے۔

عمومی کاروبار سے نیٹ پرافٹ مبلغ 9,620.89 ملین پر کھڑا ہے اور ایک ون آف ایڈجسٹمنٹ سے رپورٹ کردہ نمبر مبلغ 8,688.89 پر کھڑے ہوتے ہیں ایڈجسٹمنٹ درج ذیل کے تحت ہے:

- ای پی سسٹمز بی۔ وی پر نقصان کا ایک مناسب حصہ جو جگنوٹیکنا لوجیز (پرائیویٹ) لمیٹڈ کے تصرف سے ایک طرفہ تصوراتی فائدہ سے پیدا ہونے والے ریٹیلستان کے منافع کے حصہ کے ساتھ ملا تھا۔
- سبزنفلو سے متعلقہ امپیرمنٹ لاسز جو ویلیو کی وجہ سے کمپنی کے استعمال میں رہے انوسٹمنٹ کی کیرنگ ویلیو سے کم ہونے چاہئیں۔ جیسا کہ اوپر بتایا گیا ہے کہ جگنوٹیکنا لوجیز (پرائیویٹ) لمیٹڈ کے تصرف پر نوٹیشنل فائدہ کے ساتھ سرمایہ کاری کی قیمت کو اوپر کی طرف ایڈجسٹ کیا گیا۔ امپیرمنٹ لاسز اس نوٹیشنل فائدہ کو ایڈجسٹ کر رہا ہے۔

- سال 2021ء میں کمپنی کو فنانشل سیٹمنٹس میں مبلغ 816.227 ملین کا ون ٹائم نوٹیشنل گین ریکارڈ کرنا پڑا جو ای۔ پراسیڈنگ سسٹمز بی وی کی تبدیلی اور گیس فائونڈیشن کی جانب سے قابل تلافی ترجیحی حصص میں سرمایہ کاری کے نتیجے میں ووننگ کے حقوق میں کمی کی وجہ سے ایسوسی ایٹ کیلئے ذیلی

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز 2023ء

کمپنی کے ڈائریکٹرز کو مورخہ 31 دسمبر 2023ء کو ختم ہوئے سال کے غیر منظم اور منظم مالیاتی گوشواروں کیساتھ آپ کی کمپنی کی سالانہ رپورٹ پیش کرنے پر خوشی ہے۔

گروپ کا جائزہ

کمپنیز ایکٹ 2017ء کے تحت یہ کمپنی پاکستان کی ایک پبلک لمیٹڈ اور پاکستان سٹاک ایکسچینج کی لسٹڈ کمپنی ہے۔ کمپنی 1977ء میں قائم کی گئی اور بنیادی طور پر سافٹ ویئر ڈویلپمنٹ، سافٹ ویئر کی ٹریڈنگ اور بزنس پرائسز آؤٹ سورسنگ سروسز کا کاروبار کرتی ہے۔

سرگرمیاں

کمپنی کو بنیادی طور پر ڈیجیٹل / ڈیٹا / کلاؤڈ سروسز، مینیجڈ سروسز، کنسلٹنگ سروسز، آئی ٹی سروسنگ اور بزنس پرائسز آؤٹ سورسنگ / کونٹیکٹ سنٹر سے آمدن ہوتی ہے۔ کمپنی کو 84 فیصد آمدنی مختلف جغرافیائی خطوں جیسے شمالی امریکا، یورپ، ایشیا پسیفک اور مشرق وسطیٰ میں اپنی خدمات کی برآمد اور 16 فیصد مقامی مارکیٹ سے حاصل ہوتی ہے۔ کمپنی مختلف کاروباری شعبوں جیسے ٹیلیکوم، ریٹیل، سی پی جی، فارما، بینکاری اور پبلک سیکٹر میں پھیلی ہوئی ہے۔

سال 2023ء کے دوران کمپنی اور گروپ کی مالیاتی کارکردگی

غیر منظم

مالی سال 2023ء کے دوران کمپنی کے مالیاتی نتائج کی رفتار موزوں رہی۔ زیر غور سال کے دوران مقامی کرنسی میں آپریٹنگ ریونیوز مبلغ 32,037.99 ملین روپے تھے جو کہ پچھلے سال کے مقابلے میں 55 فیصد اضافہ کی نشاندہی کرتے ہیں۔ زیر غور سال کا بعد از ٹیکس منافع مبلغ 8,559.16 ملین روپے تھا جو کہ 36 فیصد نمو کی نشاندہی کرتا ہے۔ مجموعی منافع اور آپریٹنگ منافع میں بالترتیب 42 فیصد اور 46 فیصد کا اضافہ ہوا۔ مالی سال 2019ء کے بعد سے، کمپنی نے 56 فیصد کی آمدنی میں کمپاؤنڈڈ اینول گروتھ ریٹ (سی اے جی آر) فراہم کیا ہے۔ آمدنی میں اضافہ بنیادی طور پر آئی ٹی خدمات کے ذریعے ہوا ہے اور منافع میں اضافہ تمام جغرافیوں اور تمام عمودی علاقوں میں مانگ اور ترقی کی وجہ سے ہوا ہے۔

غیر منظم

تفصیلات	سال بہ سال	مالی سال 2022ء	مالی سال 2023ء
ریونیوز	55%	20,644,764,716	32,037,995,164
مجموعی منافع	42%	6,755,105,438	9,616,693,532
آپریٹنگ منافع	46%	4,871,976,394	7,096,705,165
ٹیکس سے پہلے منافع	36%	6,624,487,917	9,008,771,728
ٹیکس کے بعد منافع	36%	6,299,836,945	8,559,160,491
نی شیئر آمدن (بنیادی)	31%	22.44	29.41
نی شیئر آمدن (رتیبی)	31%	22.29	29.22

غیر منظم۔ ریونیوز (پاکستانی روپوں میں کم از کم)

سی اے جی آر 56 فیصد

2019	5,349
2020	7,514
2021	11,904
2022	20,645
2023	32,038

غیر منظم۔ آپریٹنگ منافع (پاکستانی روپوں میں کم از کم)

سی اے جی آر 60 فیصد

2019	1,089
2020	2,045
2021	2,817
2022	4,872
2023	7,097

About Us

Systems Limited, Forbes Asia's Best Under A Billion & Asia's Fastest Growing Company of 2023, is a global leader in digital transformation, IT consulting & services, empowering organizations to navigate the transformative power of digital. We operate at the forefront of innovation, guiding enterprises across industries and continents as they embrace cloud, digital, and data & AI. Our team of seasoned strategists, architects, and technologists bring a rich tapestry of global experience and technical prowess. Systems Limited collaborates seamlessly with partners and leverage leading-edge technologies to craft bespoke solutions that unlock your unique potential.

Being the first and only IT company in Pakistan to cross a market value of PKR 100 billion with operations in 16+ countries, we serve hundreds of corporate customers including Fortune 500 companies across numerous industry verticals. We believe in a world where technology empowers everyone, not just a select few, and actively contribute to initiatives that drive positive change. This helps us build the right culture, nurturing leaders within the company, and foster the growth of export-driven IT businesses across the globe. Moving forward, we aim to continue to embrace the power of innovation, seize new prospects, provide comprehensive value, and ensure operational excellence to benefit everyone.



Reimagining the future

systems
UNLIMITED



What sets us apart



Culture of innovation

- **7000+** global talent pool
- More than 50% company equity is owned by its employees
- Fail Fast, Fall Forward is the primary course of action



Robust customer portfolio

- Fortune **500** companies across industries
- 93% of existing customers contribute to recurring revenue
- Top 5 of our customer have been with us for 5+ years



Strong partner ecosystem

- **3250+** resources certified in Microsoft, Temenos, IBM, SAP, and AWS products and services
- Credible representation as technology partner in **5+** continents



Operational excellence

- Lean and agile processes backed by data-driven decisions
- Project Management Community Portal for cross-organizational collaboration

Values in action: Spearheading impactful growth

Courage

Leading with decisiveness, taking calculated risks for impactful outcomes

Integrity

Maintaining the highest ethical standards in all interactions, building trust and loyalty

Empathy

Respond to needs and challenges with empathy and genuineness, fostering stronger relationships and collaboration.

Vision

As a leading digitally native company, we leverage our business acumen, consistent service delivery excellence, customer-centric focus, and enduring alliances with strategic partners. We are committed to continuous innovation, empowering people, and delivering great value to our clients and stakeholders.

Mission

Systems Limited is committed to delivering future-ready and technology-enabled services across the globe to transform businesses and communities. We aim to utilize proven methodologies, streamline processes and innovative frameworks, and nurture a customer-centric workforce.



A tale of courage & success

1977

- Founded as the first software company of Pakistan

1997

- Launched operation in the US. Worked with high profile clients from Fortune 500

2003

- Diversified in mortgage, apparel & soft goods industry. Grew customer base in the US

2005

- Public Limited (unlisted) from Private

2018

- Won the Microsoft Partner of the Year
- Recorded Rs. 1bn in profitability

2019

- IFC investment in EP Systems
- E-Money License secured by EP
- Launched Systems Ventures

2020

- PSEB Top IT exporter award
- Forbes Asia's Best Under A Billion 2020
- Top 3 best performing companies on PSX

2021

- Strategic investment in Retailistan
- Forbes Asia's Best Under A Billion 2021
- Won Microsoft InnerCircle award
- Expanded operations in KSA
- ICCI President IT Award
- Won P@SHA Top Exporter award
- Two wins in Asia Money 2021

2007

- Added BPO

2013

- Launched operations in the UAE

2015

- Listed on PSX
- Launched OneLoad
- Diversified in digital services for financial inclusion

2022

- Strategic acquisition of NdcTech
- Strategic acquisition of Treehouse Consulting
- Expanded and launched business operations in KSA, Egypt, Australia, South Africa, and Singapore
- Forbes Best Under A Billion 2022
- 2022/2023 Inner Circle Microsoft Business Applications award
- SAP Top New Partner and Service Excellence Awards for EMEA
- Most Outstanding Company at Asiamoney 2022
- 3 wins at P@SHA ICT Awards 2022
- Best IT Services Company at 21st ITCN Asia 2022
- Among top 3 companies on PSX 25 companies list

2023

- Microsoft 2023 Country/Region Partner of the Year for Pakistan & UAE
- 2023/2024 Inner Circle Microsoft Business Applications award
 - Forbes Asia's Best Under A Billion and Fastest Growing Company in Asia
- Best Core Banking Implementation award 2023 – IBS Intelligence
- Asian Technology Excellence Award for Digital IT Services in Banking -2023
- Temenos Best Delivery Partner 2023 – MEA
- e& Value Creation Award 2023
- Most Outstanding Company at ASIAMONEY 2023
- P@SHA ICT Top Exporter Award 2023
- Among top 3 companies on PSX

Global recognition and awards

	<p>Forbes Asia's Best Under A Billion & The Fastest Growing Company</p>	<p>Among top 3 on PSX Top 25 Companies</p>	
	<p>MSFT Partner of the Year UAE and Pakistan</p>	<p>2023/2024 MSFT Inner Circle for Microsoft Business Applications</p>	
	<p>Temenos MEA Delivery Partner of the Year</p>	<p>SAP Top New Partner & Service Excellence Awards</p>	
	<p>Asiamoney's Most Outstanding Company 3 times in a row</p>	<p>P@ASHA Top IT Exporter Award</p>	

Partnerships

Our offerings

Our global strategy is focused on three key pillars of digital, data, and cloud and it has been steering the wheel of our work across different industry sectors.



Additional Offerings

- Core and Digital Banking Services
- Information Security
- Infra Managed Services
- App Managed Services
- Quality Assurance
- Business Process Outsourcing
- Emerging Technologies

We can help you reimagine your business through a digital lens

With sheer dedication and constant reinvention, our global team of technology veterans tackle industry challenges head-on, reshaping landscapes and forging a new path for disruptive change.

Technology for tomorrow

The Cyber-Human Fusion

46% of organizations are planning to invest in human-computer interfaces (HCIs) in the next two years to facilitate seamless human-machine interaction, another crucial element of cyber-human fusion.

Source: International Data Corporation

A new age of programming

By 2026, the no-code/low-code development market is forecast to reach \$45 billion, empowering developers and non-technical professionals to build AI-powered applications without extensive coding.

Source: Gartner

Generative AI will take over

By 2025, the global market for generative AI is expected to reach \$26.8 billion, driven by its capabilities in content creation, personalized experiences, and automation

Source: International Data Corporation

Sustainable tech is here to stay

They estimate that the global market for green data centers will reach \$64.1 billion by 2028, growing at a CAGR of 13.4%.

Source: Gartner

Inside Pakistan's tech scene

- **2,000+ tech startups** over the past five years
- A total funding of over **\$400 million** for IT development
- **350,000 IT graduates** enter the job market annually
- **\$98 million** in foreign direct investment attracted by Pakistan's tech industry
- **5 million+ students** across online learning platforms
- **\$2.6 billion*** annual IT exports revenue
- **13% growth** in IT & ITES exports in last 4 months

Sources: Pakistan Venture Capital Association (PVCA), State Bank of Pakistan (SBP), Higher Education Commission of Pakistan, Pakistan Telecom Authority (PTA), P@SHA, Ministry of IT and Telco, Pakistan.

Marketing marvels

Innovation in action: Fueling our impact journey with transformative global and domestic events



Microsoft Inspire

A story of partner channel excellence

Systems Limited was recognized as the 2023 Microsoft Country/Region Partner of the Year for Pakistan and the UAE at Microsoft Inspire – the largest partner community conference of the year. Asif Peer and Khurram Majeed accepted the honor and engaged with key personnel at Microsoft and the partner community.

GITEX GLOBAL

On the cutting edge of technology

Showcasing digital solutions on the biggest technology roadshow of the year reaching global audiences, and exploring all things in tech, from AI marvels to blockchain breakthroughs.



LEAP

Into New Worlds!

Four eventful days of insightful discourse, engaging discussions, and exciting sessions at LEAPandInnovate. Exploring the disruptive potential of technology and forging valuable alliances on the global front.

Gartner IT Symposium

Underscoring on the APAC front

Actively participating in the world's most important gathering for CIOs that offers global tech leaders everything under a 360-degree umbrella of IT to accelerate business growth.





Japan IT Week

Systems' debut in Japan

Connecting with Japan's IT fraternity and showcasing our latest tech to the community. A first-of-its kind experience for our team exhibiting on the highly sought-after technology roadshow.

GITEX AFRICA

One Africa, limitless opportunities

Delving into the vast possibilities of digital technologies in reshaping Africa's technology arena, embracing innovation, revolutionizing across industries, and forging a more digitally sound tomorrow. .



TechCrunch Disrupt

Where founders shine

Inspiring conversations and networking at the global startup battlefield where the most motivated and ambitious founder, investors, and tech builders converge to shape the future.

Temenos Community Forum

Spearheading banking innovation

Making history at our very first Temenos Community Forum, connecting and exploring potential banking solutions with industry veterans.



Temenos Kick-Off

Evolutionary Leap, Revolutionary Impact

Exchanging insightful discourses with industry leaders and partners from all over the world, particularly the Temenos team at the Temenos Kick-Off 2023 in Spain.

MWC Barcelona

The future of connectivity innovation

Spearheading a groundbreaking transformation with competitive business solutions at the Mobile World Congress in Barcelona. Disrupting traditional models and unleashing new potential in the connectivity industry.



AWS Summit ASEAN

Accelerating the drumbeat of retail

Systems Limited experts represented the company on the global retail front at AWS Summit ASEAN, connecting with FSI industry professionals in the Singapore technology market.

Bank of the Future Forum

Building the future of banking

A one-of-its-kind high-profile event graced by the top leadership from Amazon Web Services (AWS) exploring growth mindset at large.



Xcelerate 2.0

A digital transformation journey

Systems Limited and Microsoft's flagship event, bringing together the top brass of industry professionals under one roof to explore transformative change in technology innovation.

Amazon Culture of Innovation

Exploring the growth mindset

A one-of-its-kind high-profile event graced by the top leadership from Amazon Web Services (AWS) exploring growth mindset at large.

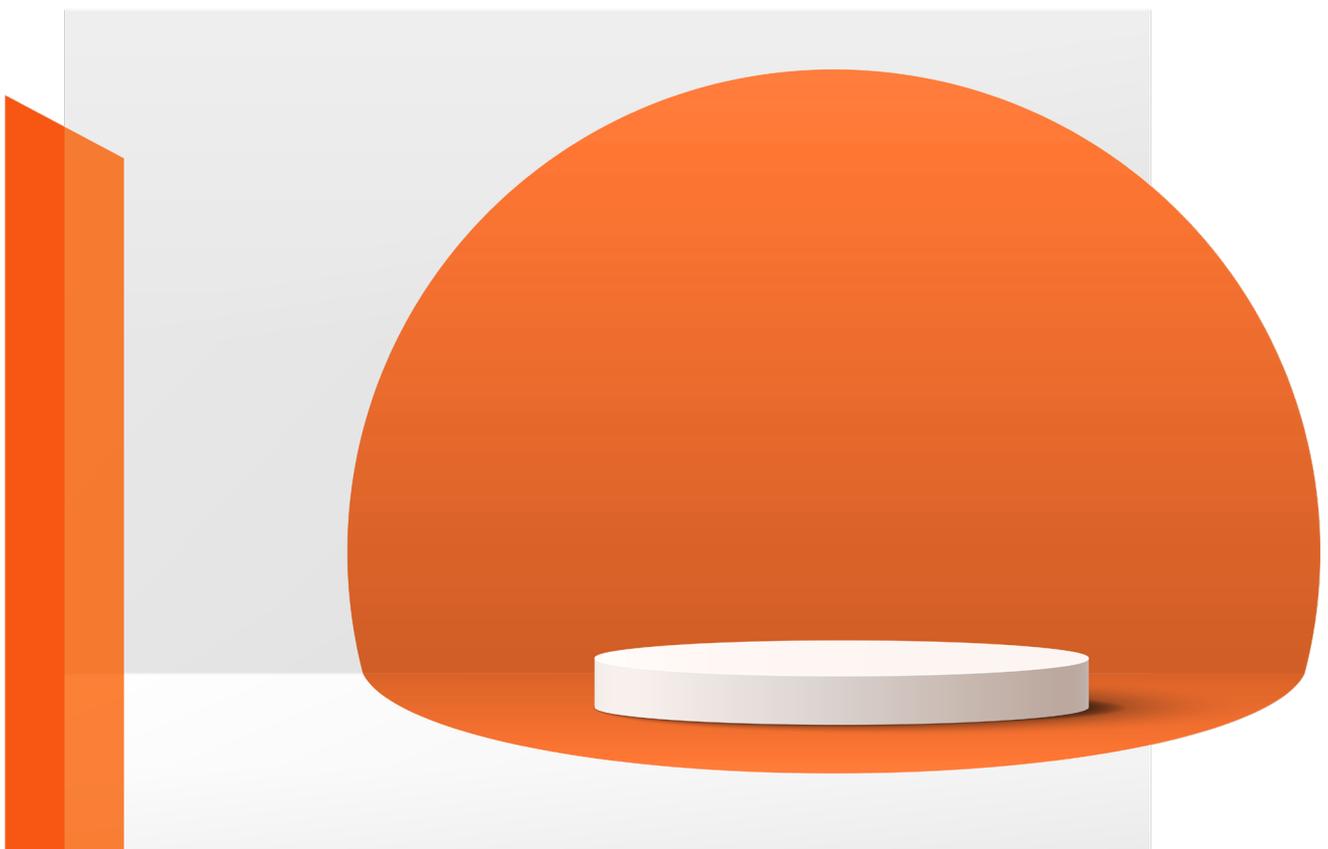


Leading from the front: Championing success & inspiring change on the global stage

In a fast-paced year defined by AI and digital transformation, our thought leaders seized the global stage, shaping the future of technology with bold ideas and decisive action. By embracing a forward-thinking mindset, they have consistently demonstrated the true meaning of authentic leadership by leading with transparency, integrity and purpose.

From speaking on highly prestigious forums like the Forbes Annual Dinner & the OPEN Silicon Valley Annual Forum, to attending top-tier partner community events like Microsoft Inspire, GITEX GLOBAL, flagship Temenos events, they have left an indelible mark on the global front. Also, worth mentioning are them interviewing with the top brass of technology veterans and featuring headlines on popular newspapers like the Khaleej Times to garnering recognitions including the CEO Excellence Award and Tech Leadership - Software & Services Provider award at FinTech Futures Banking Tech Awards.

Our executive leadership team, empowered by their deep industry expertise and visionary foresight, became sought-after voices on some of the world's most influential platforms. Their efforts are a powerful testament to Systems Limited's commitment to driving meaningful progress on a global scale.



Human Capital Strategic Pillars



Toima Asghar

Group CHRO, Systems Limited

As we reflect on 2023, I am thrilled to share a journey of success and perseverance, that shaped our company into a hub of creativity, collaboration and unparalleled growth. We have perpetuated a balance between flexibility and stability through our people-centric approach and commitment to innovation.

Our keen focus on continuous learning and development of our people, enabled our teams to take up advanced and exciting technological challenges and stay ahead of the curve. We have also embarked on a journey of elevating and enabling our society through our Corporate Social Responsibility initiatives with a special focus on health, education and skill development.

I want to express my sincere gratitude to the people of Systems Group, who contributed towards achieving multiple milestones throughout this incredible year.

Talent Acquisition

Recruited 2,191 personnel, with a hiring pipeline of 110 resources for 2024. Strengthened our leadership tier by onboarding 50+ new hires for strategic and key roles. 233 resources have been hired in senior tier (Grade 2, 3A and 3).

Inducted around 60 exceptionally talented University graduates through the fresh talent drive.

Hiring for our ROW entities, from international markets including Australia, Singapore, South Africa, KSA and Qatar. Managed crucial and time-sensitive hiring for significant projects.

Conducted extensive market researches for scarce skill set and related market dynamics, locally and internationally including Eastern Europe, APAC, MEA, and other countries.

Conducted thorough analysis, skill-set profiling, and research for specific technologies and domains to meet both current and future requirements.

2191
Talent Onboarded

15 Days
Average Hiring Turnaround



Talent Management & OD

House of Learning – Technical Trainings

There was a plethora of online trainings organized this year, namely; Django, NestJs, Magento, Web Automation, Kubernetes, SQL, API Automation, IBM Cognos Analytics, IOT Testing, Selenium Java, Digital Corporate Portal-Domain, Branchless Banking Agency Module, Open Financial Services (OFS), planned and executed by the TM & OD team in coordination with all competencies.

14,514
Learning Hours

492
Sessions

259
Trainings

Temenos **Technical Trainings**

Trainings were held throughout the year for Temenos Transact business consultants, Transact technical consultants and Infinity Digital Consultants. Total 83 trainings were conducted covering 150 sessions throughout the Temenos domain. In Business, the trainings focused on upskilling of new hires in the areas of customer onboarding and Arrangement Architecture. Trainings were also held in the new area of Financial Inclusion to upskill the team for upcoming projects and target the Financial Inclusion Partner Certification.

On the Technical front, the trainings focused on development and consolidation of core technical skills such as Customization, Java and Arrangement Architecture. Participants were also introduced to new areas such as Financial Inclusion Technical, Extensibility Framework and Branchless Banking. In the Digital space, trainings focus on the development of core skills on products such as Visualizer and Fabric. Business trainings give participants a strong understanding of Temenos products such as Spotlight, Customer Onboarding and Retail Banking. These trainings help us tremendously in upskilling of our consultants and keeping abreast of all the developments in Temenos' domain.

Let's **L-earn**

Let's Learn Technical Training Series launched to upskill and reskill our teams on technology tracks. It provides a unique learning experience through a combination of weekly interactive sessions, quizzes, assignments, projects, presentations, competitions and continuous evaluation mechanism. A major distinctive feature of this technical training program is promoting self-learning culture through a regularly maintained repository of recorded sessions in order to cater a large audience.

This year we trained nearly 200 team members on Dynamics Commerce, Artificial Intelligence and Mobility from Pakistan and India with the help of 26 internal trainers. It results in providing a diversified cross-functional exposure to all participants from multiple teams.



Learning Rally – Soft Skills Interventions

In continuation of our ongoing commitment to fostering soft and leadership skills development, we have expanded our training offerings throughout the year. Our goal remains to enhance the capabilities and confidence of our resources, enabling them to achieve targeted business outcomes with a total of 3172 hours dedicated to training. The TM & OD team has meticulously planned and executed around 40 soft skills series, ensuring that our employees are well-equipped to excel in their roles.



LUMS – Sysvitech Leadership University

With an unwavering commitment to shaping the future of leadership, Systems Group is has continued its partnership with REDC LUMS in the establishment of the SysVisTech Leadership University. This exclusive program is tailored for high-potential executives who possess the strategic acumen to steer their organizations toward success. Comprising three modules – Leadership for Performance Excellence, Team Communication & Collaboration for Results, and Decision Making & Negotiation – this customized intervention is designed to equip participants with the skills and knowledge necessary to lead with confidence and drive results. To date, around 200 employees have successfully graduated from the program across seven cohorts, with Cohort 9 scheduled to commence in the first quarter of 2024.



LUMS – Future Leaders Program

In continuation of the ongoing Future Leaders Program, a total of 9 batches have been completed with 282 graduates in Lahore and Karachi in 2023. The program is designed for mid-career People Managers from Grade 5-3A, focusing on the development of personal leadership skills and competencies. It consists of two days of learning sessions that assess leadership style for improving team performance, build collaboration, trust, and constructive engagement, and teach effective conflict handling and decision-making. The program continues to make a significant impact on the professional growth of its participants, contributing to the development of strong leadership capabilities within the organization.



Language & Communication Program

The Language & Communication Program has been an ongoing success, with a strong focus on enhancing communication and building robust client relationships. Over the past year, we have continued to impact a large number of participants, with 286 individuals across 14 batches benefiting from our comprehensive approach. Through a series of interactive sessions, discussions, debates, and continuous evaluation and feedback, we have consistently strengthened the existing communication skills of our participants, making a significant and lasting impact.



Employee Engagement

Employee Wellness Program

An initiative aimed at promoting health and well-being of employees, focusing on Physical Health, Mental Health and Emotional Well-Being. The program contributes to a positive workplace culture and employee engagement. Activities conducted were 'Mental Health Awareness' and 'Decoding Personality'.



Positive Pulse Program

(Humanistic Values): A program designed around work values that serve as a framework for a professional and positive work culture fostering team synergy, e.g., Mutual Trust, Togetherness, Teamwork, and Winning Mindset.



Employee Experience is at the heart of Systems Culture. Our positive work environment is the result of a Positive Work Environment, Employee Wellness and Engagement Programs, Rewards and Recognition Programs. As a result of continuous engagement, employees feel valued, engaged and motivated to contribute their best.

30

Engagement Activities

95

Connects & Townhalls

31

Awards & Recognition

20

Systalks & Tech Workshops

8

Leadership Connects with New Joiners

People

Branding Activities

8,000+

New Followers on LinkedIn

10,000+

New Followers on LinkedIn

49,000+

Page Views

15,000+

Unique Visitors

1,000+

Reposts/Shares

Systems believe in building a reputation as an employer of choice and a great place to work. We ensure this through the mantra of people branding. This year, under the umbrella of HCD Systems, Team EBU is bringing people branding to life by creating engaging experiences by creatively communicating Systems core culture, values, leadership, and commitment to innovation through various initiatives and activities.

The EBU team has curated and fostered the company's digital community across various social media channels, including LinkedIn, Facebook, Instagram, and Twitter. Through vibrant storytelling, we spotlight a myriad of offline and online initiatives at Systems Limited, ranging from MTO Batches and Fresh Graduates Week to Women's Day, CEO talks, Leadership Townhalls, and the IT Mustakbil Training Program. Moreover, we intricately weave the fabric of the company's culture by showcasing exclusive events like Women's Day, Breast Cancer Awareness Week, and InfoSec Awareness Week, thereby exemplifying our unwavering dedication to diversity, inclusion, and social responsibility.



International Women's Day Celebration



Pakistan Independence Day Celebration

We have envisioned and brought to life an avant-garde work environment and cutting-edge facilities through people branding, encapsulating the essence of our brand, both at the Systems HQ and its global offices.

Over the past year, we have consistently emphasized the unwavering dedication of our company towards ensuring that our employees remain fully engaged and informed, as evidenced by the quarterly bulletin "People@Systems" all while championing our brand an innovative, diverse, and inclusive workplace.



UAE National Day Celebration



Blood Donation Drive



Father's Day Celebration



Breast Cancer Awareness (Pinktober)



Celebration of Festivities (Eid – Deewali – Christmas)



Mother's Day Celebration



Taken 7 Game Tournament



Celebrating Abilities of Team



Leadership Connect



Infosec Awareness Week



SysTalks Sessions



Stars of the Quarter – Recognition



Industrial & Academia Linkages

IT Mustakbil Training Program External Technical Trainings

The participants of IT Mustakbil (ITM) Training Program Batch 1 that started in 2022 passed out in February 2023. Successful graduates were interviewed and offered placements in Cloud & Infrastructure, Integrations, Business Process Automation, Banking Financial Solutions, QA and Data Engineering in Systems. Our graduates were also offered positions in the IT sector i.e. BrainX, Techlogix, Vantadev, Tekrevol, Avanceon, Marham, ITT, Kingdom Valley, Sapphire, Allied Power & Control, Nayyar Technologies and other companies.

The participants of ITM Batch 2 will graduate in first quarter of 2024 with specializations in DevOps & Serverless, Business Process Automation and Flutter.



Collaborations with Universities for Training & Development of Students

Systems Limited collaborated with various Universities in Pakistan and Kingdom of Saudi Arabia in order to enhance knowledge base and provide technical training opportunities to their students. These collaborations will cater technical workshops, training sessions, facilitation in Final Year Projects, Co-teaching elective courses, providing internship opportunities to the graduating students and suggesting improvements in existing curriculum of CS programs.



Muhammad Ali Jinnah University (MAJU)



Taibah Valley, Madinah KSA

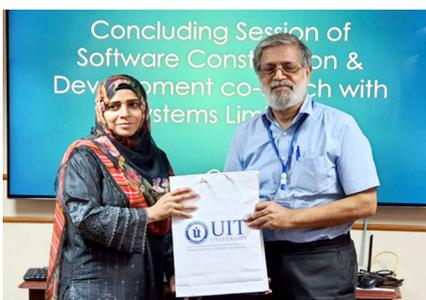


NED University of Engineering & Technology



UIT University

Co-Teaching Technical Courses, in Universities



The co-teach course «Software Construction & Development» with a brief closing ceremony at UIT University



QA Automation Course Completed at UIT Karachi and certificate distribution ceremony held in UIT for 25 students.



The co-teach course on «Software Quality Assurance» concluded with a remarkable closing ceremony at DHA Suffa University.

Guest Speaker Sessions, Advisory Board Meetings and Panel Discussions

Toima Asghar, Group CHRO and Tariq Rashid, SVP Global Telco Growth Leader participated in ECONFEST organized by PIDE.



Mr. Asif Bilgrami, Mr. Bilal Ahmad, discussed the significance of Web 3.0 and its impact on various industries, including finance, healthcare, education, and entertainment at Hamdard University.

Ms. Naureen Anwar, SVP - Special Projects at Systems Limited, evaluated tech startups as distinguished judge for the Karachi round of She Loves Tech.



Toima Asghar, Group CHRO, Systems Limited participated in panel discussion on HR - Tech Fusion at LUMS.

Mr. Arsalan Rashid was invited for panel discussion on the topic «Tips for Final Year Projects in CS and How to Choose a Relevant and Impactful Topic.»



Mr. Tariq Rashid participated in Panel Discussion on HR Skills, Ecosystem and Marketing at National IT Exports Strategy Launching Ceremony.

CCL Pharmaceuticals invited Toima Asghar, Group CHRO - Systems Limited as a guest speaker on account of In light of International Women's Day.





Babar Zahoor participated in the Industrial Advisory Board Meeting of Riphah International University – Islamabad.

Mr. Usman Rafat was invited as a guest speaker for the «Introduction to Data Science» course at Muhammad Ali Jinnah University.



Mr. Intisar Ali Zaidi interacted with the BSCS students of FAST – Karachi where he shared business analytical techniques in light of a real life scenario.

Toima Asghar, Group CHRO – Systems Limited joined panel discussion on Building an Effective Ecosystem: Digital Technologies, Innovation and Startups organized by ACCA.



Mr. Babar Zahoor – AVP DIS conducted a seminar on Devops at Bahria University Islamabad.

Mr. Asif Bilgrami was invited as an industry guest to a stakeholder meeting held under Pak-UK gateway mobility partnership at NED University.



TCF team visited Systems Limited to introduce their flagship volunteer programs; Baghbaan and Rahbar.

Corporate Social Responsibility

Education



Health

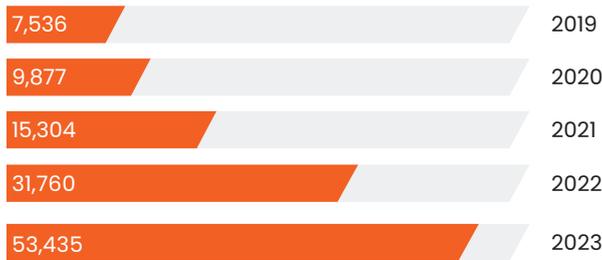


General

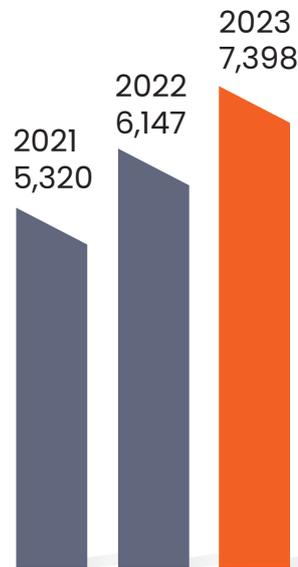


Key Financial & Business Highlights

Revenue Trajectory (PKR Million) CAGR 63%



Number of employees



Group Financials at a Glance

PKR 53.44 BN

FY'23 Revenue

63%

CAGR Revenue Growth

68%

YOY Revenue Growth

31%

YOY PAT Growth

7,398

Total Employees As At December 31st, 2023

26%

FY'23 Gross Profit Margin

16%

FY'23 Net Profit Margin

14%

FY'23 Operating Profit Margin

18%

FY'23 EBITDA Margin

236

FY'23 Total Active Customers Served

38

Customers With Over \$1M Revenue

108

Days Sales Outstanding

29.86

FY'23 Earnings Per Share

29%

FY'23 Return On Capital Employed

27%

FY'23 Return On Equity

PKR 9.58 BN

Cash & Cash Equivalents (incl. short terms investments)

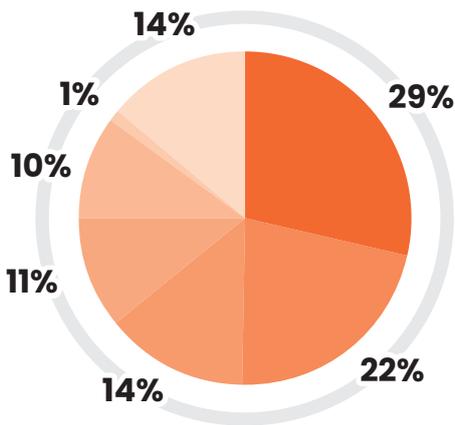
PKR 6.46 BN

FY'23 Cashflows From Operations

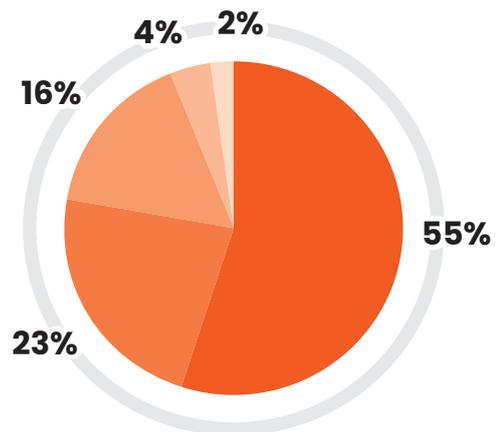
PKR 6.20 BN

FY'23 Free Cashflows

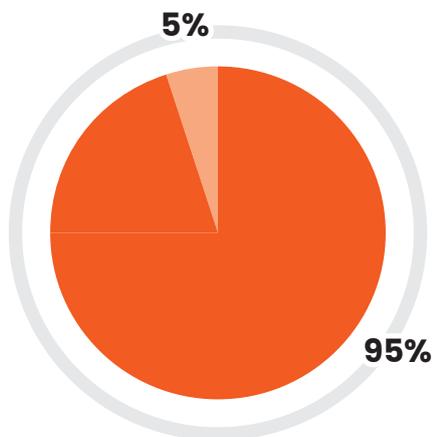
Revenue by Sectors



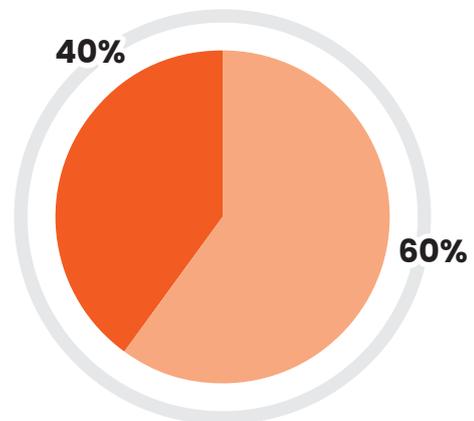
Revenue by Geography



Revenue by Currency



Cost by Currency



Key Financial Highlights

Profit and loss summary for the last six years (amounts in pkr)

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2023	2022	2021	2020	2019	2018
Rupees						
Revenue	32,037,995,164	20,644,764,716	11,903,583,911	7,513,766,845	5,348,568,742	3,761,155,759
Cost of revenue	(22,421,301,632)	(13,889,659,278)	(7,912,442,628)	(4,715,786,027)	(3,572,188,527)	(2,582,618,930)
Gross profit	9,616,693,532	6,755,105,438	3,991,141,283	2,797,980,818	1,776,380,215	1,178,536,829
Distribution expenses	(392,255,261)	(270,588,626)	(188,926,692)	(118,654,595)	(99,693,155)	(46,585,985)
Administrative expenses	(2,085,697,629)	(1,520,716,072)	(981,346,043)	(499,987,819)	(448,471,106)	(377,384,516)
Reversal of impairment losses / (impairment losses) on financial assets	(33,473,891)	(2,497,969)	12,563,431	(128,851,408)	(88,323,142)	(107,186,848)
Other operating expenses	(8,561,586)	(89,326,377)	(16,919,184)	(5,889,010)	(50,702,061)	(11,180,134)
	(2,519,988,367)	(1,883,129,044)	(1,174,628,488)	(753,382,832)	(687,189,464)	(542,337,483)
Operating profit	7,096,705,165	4,871,976,394	2,816,512,795	2,044,597,986	1,089,190,751	636,199,346
Other income	2,645,199,791	1,977,050,375	620,344,533	272,645,254	342,646,042	437,742,627
Impairment loss on long term investment	(68,953,239)	-	-	-	-	-
Finance costs	(664,179,989)	(224,538,852)	(84,291,698)	(49,914,195)	(39,164,417)	(18,834,198)
Profit before taxation	9,008,771,728	6,624,487,917	3,352,565,630	2,267,329,045	1,392,672,376	1,055,107,775
Taxation	(449,611,237)	(324,650,972)	(31,874,154)	(73,414,103)	(28,540,667)	(45,624,604)
Profit for the year	8,559,160,491	6,299,836,945	3,320,691,476	2,193,914,942	1,364,131,709	1,009,483,171

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2023	2022	2021	2020	2019	2018
Rupees						
Revenue	53,435,483,177	31,759,927,263	15,304,037,567	9,876,827,710	7,535,648,069	5,323,922,442
Cost of revenue	(39,778,797,390)	(23,123,647,896)	(10,314,365,850)	(6,619,640,203)	(5,166,301,606)	(3,795,122,571)
Gross profit	13,656,685,787	8,636,279,367	4,989,671,717	3,257,187,507	2,369,346,463	1,528,799,871
Distribution expenses	(1,569,563,845)	(740,518,496)	(385,600,533)	(201,024,729)	(178,002,387)	(90,539,319)
Administrative expenses	(3,982,646,207)	(2,483,965,304)	(1,426,803,958)	(722,310,556)	(698,066,995)	(572,629,509)
Reversals of impairment losses / (impairment losses) on financial assets	(205,137,108)	40,359,108	(8,131,032)	(214,246,515)	(137,482,470)	(118,857,365)
Other operating expenses	(166,791,530)	(89,326,377)	-	(5,889,010)	(26,049,546)	(19,490,427)
	(5,924,138,690)	(3,273,451,069)	(1,820,535,523)	(1,143,470,810)	(1,039,601,398)	(801,516,620)
Operating profit	7,732,547,097	5,362,828,298	3,169,136,194	2,113,716,697	1,329,745,065	727,283,251
Other income	3,193,598,145	2,230,060,151	653,030,134	235,201,038	318,491,575	408,460,653
Gain on disposal of investment	-	-	816,226,748	-	-	-
Finance costs	(868,990,456)	(287,819,752)	(121,404,658)	(66,659,676)	(47,022,121)	(27,073,044)
Share of loss of Associate	(48,069,294)	(323,899,362)	(83,384,503)	-	-	-
Impairment loss on investment in associates	(729,463,249)	-	-	-	-	-
Profit before taxation	9,279,622,243	6,981,169,335	4,433,603,915	2,282,258,059	1,601,214,519	1,108,670,860
Taxation	(590,732,350)	(351,508,026)	(53,944,635)	(117,960,376)	(33,281,698)	(47,387,580)
Profit for the year	8,688,889,893	6,629,661,309	4,379,659,280	2,164,297,683	1,567,932,821	1,061,283,280

Dupont Analysis

2023

Profit	8,688,889,893	Revenue	53,435,483,177	Total assets	50,666,211,799
Revenue	53,435,483,177	Total assets	50,666,211,799	Equity	32,331,619,066
Profit margin	16%	Assets turnover	105%	Equity multiplier	157%

ROE
27%

2022

Profit	6,629,661,309	Revenue	31,759,927,263	Total assets	38,325,566,592
Revenue	31,759,927,263	Total assets	38,325,566,592	Equity	22,928,279,541
Profit margin	21%	Assets turnover	83%	Equity multiplier	167%

ROE
29%

Key Ratios

Standalone

	2023	2022	2021	2020	2019	2018
Profitability Ratios						
Gross Profit Ratio	30%	33%	34%	37%	33%	31%
Net Profit Ratio	27%	31%	28%	29%	26%	27%
Return on Equity	31%	31%	32%	30%	26%	25%
Return on Capital Employed	34%	24%	26%	27%	20%	16%
Return on Assets	24%	23%	22%	22%	20%	20%
Capital Structure						
Debt to Equity	0.08	0.15	0.27	0.20	0.13	0.11
Interest Coverage	10.68	21.70	33.41	40.96	27.81	33.78
Liquidity Ratios						
Current Ratio	2.87	2.64	2.55	3.49	3.54	4.21
Quick Ratio	2.31	2.45	2.42	3.16	3.07	3.62
Cash to Current Liabilities	0.18	0.10	0.37	0.71	0.81	0.44
Investment						
EPS Basic	29.41	22.44	12.06	8.03	5.02	4.10
EPS Diluted	29.22	22.29	11.98	7.95	5.00	4.09
Dividend Payout	20%	22%	20%	20%	20%	24%

Consolidated

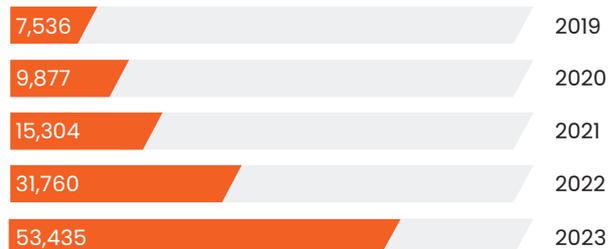
	2023	2022	2021	2020	2019	2018
Profitability Ratios						
Gross Profit Ratio	26%	27%	33%	33%	31%	29%
Net Profit Ratio	16%	21%	29%	22%	21%	20%
Return on Equity	27%	29%	36%	27%	28%	25%
Return on Capital Employed	29%	29%	36%	26%	27%	25%
Capital Structure						
Debt to Equity	0.07	0.14	0.23	0.21	0.12	0.11
Interest Coverage	8.9	18.6	26.1	31.71	28.28	26.86
Liquidity Ratios						
Current Ratio	2.18	1.81	2.52	3.06	3.29	3.48
Quick Ratio	1.45	1.60	2.35	2.79	2.85	2.85
Cash to Current Liabilities	0.52	0.43	0.54	0.96	0.91	0.65
Investment						
EPS Basic	29.86	23.61	16.21	8.08	5.84	4.36
EPS Diluted	29.66	23.45	16.10	8.01	5.82	4.35

Financial Analysis

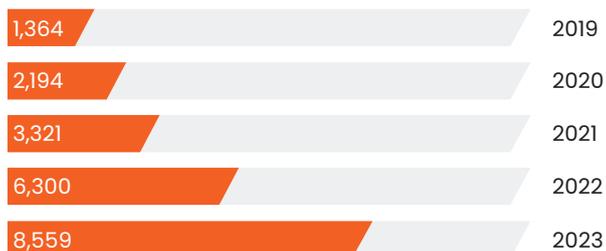
Unconsolidated Revenue (PKR Million) CAGR 56%



Consolidated Revenue (PKR Million) CAGR 63%



Unconsolidated Net Profit (PKR Million) CAGR 58%



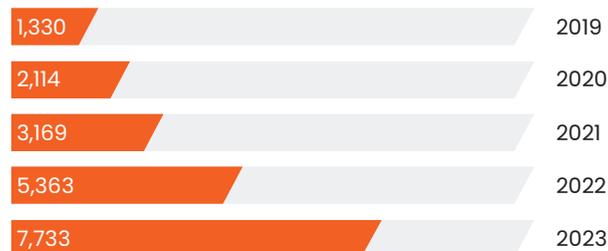
Consolidated Net Profit (PKR Million) CAGR 53%



Unconsolidated Operating Profit (PKR Million) CAGR 60%



Consolidated Operating Profit (PKR Million) CAGR 55%



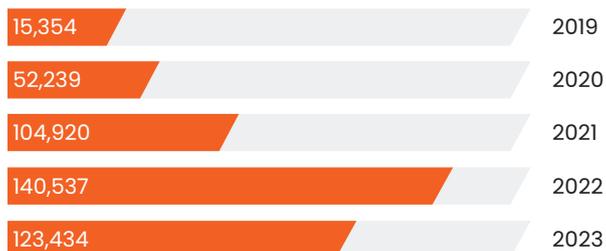
**Unconsolidated Basic Eps
(PKR) CAGR 56%**



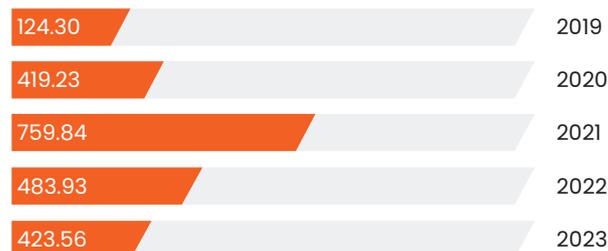
**Consolidated Basic Eps
(PKR Million) CAGR 50%**



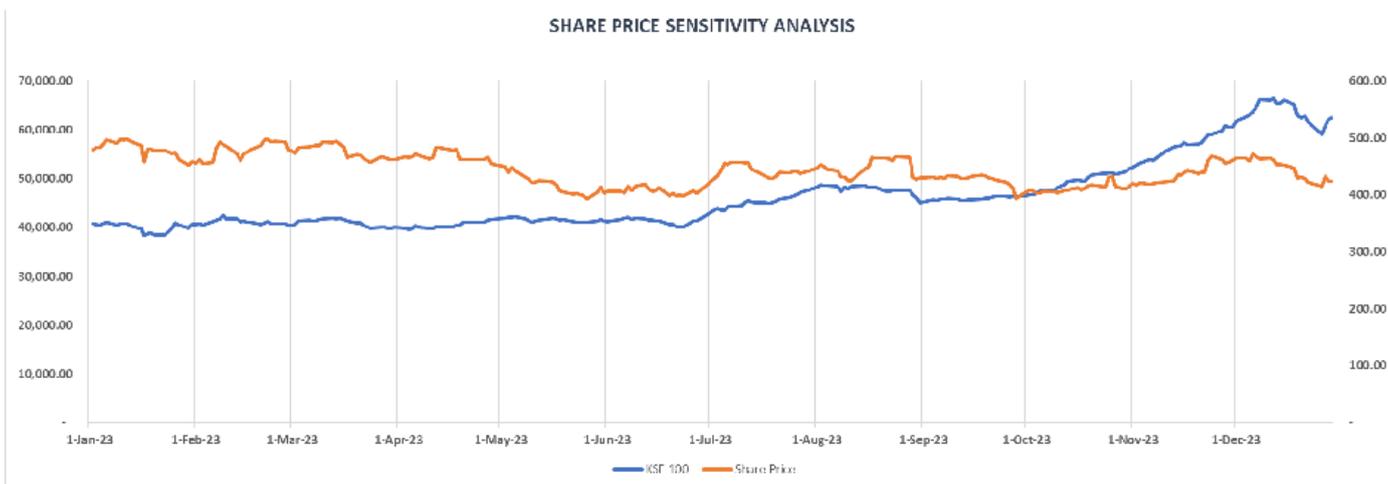
**Market Capitalization
(PKR million)**



**Closing Share Price
(PKR)**



SHARE PRICE SENSITIVITY ANALYSIS



Sustainability Framework

What Sustainability means To Us



Be Kind with the Environment

Key Indicators:

- Water Conservation through awareness programs
- Tracking of energy consumption
- Adopting reuse and recycle practices to reduce waste



Ensure Sustainable Financial Growth

Key Indicators:

- 63% increase in revenue
- 55% increase in operating profit
- 50% increase in EPS
- 27% Return on Equity
- 5 year revenue CAGR over 63%
- Consistent dividend payout ratio
- Global expansion to reduce concentration risk



Governance

Key Indicators:

- Independent Board and its committees promoting GRC
- Responsible tax practices
- Code of conduct/Business ethics
- Cyber security and data privacy
- Disclosure of all related party transactions



Be Kind to Employees

Key Indicators:

- Hiring more specially abled employees
- Increased employee engagements through town halls and management meetings
- More focus on women empowerment
- Significant increase in trainings & certifications
- Numerous safety drills and sessions on work space ergonomics



Giving Back to the Society

Key Indicators:

- Allocation of CSR budget and planned CSR initiatives
- Initiated Digital Inclusion through IT Mustakbil Program
- Laptop Donations
- Helping employees in times of difficulties

Policies & Processes Covering Sustainability Areas

	Be kind to Environment	Be kind to employees	Giving back to the society	Governance	Sustainable financial growth
Sustainability Areas	Clean Water and Sanitation Energy Consumption Carbon Emissions	Diversity & inclusion Employee engagement Safety First Employee personal growth and development	CSR initiatives Adding value to economy by creating job opportunities	Independent Board & its committees promoting GRC Responsible tax practices Code of Conduct/ Business Ethics Related party transactions Cybersecurity and Data privacy	Financial & Operational Shareholders Transparency & Value Addition

Policies, Rules & Guidelnes

Processes	Code of Conduct, Internal Audit Policy, Code of Corporate Governance 2019, Procurement Policy, Environmental Policy, Information Security Policies, HR Policy, Health & Safety Policy, Whistle Blowing Policy
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Policies	Internal and external audits (1, 2), Governance, risk and compliance management (2,3), Sourcing to pay (4), Supplier self assessment (4), Environmental management process (EMS) ISO14001 (4, 5, 6), ISO27001 (3), SOC 1 & SOC 2 (3), Information and cyber security audits and assessments (3), HR processes (1, 7, 8), Employee engagement survey (8)
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Sustainability Pillars

Be kind to Environment

Be kind to the Environment is an overall team effort to ensure that our company has minimum impact on environment. As part of these efforts, Systems aims to develop an ecosystem where all stakeholders work in a collaborative approach towards honoring the Earth's physical limits and ensuring operations are conducted within the defined parameters developed to reduce our environmental footprint.

	2023	2022
Printing & Advertising Cost Per Employee*	3,514	5,142
Energy Consumption Cost Per Employee*	32,900	26,257

* The increase in per employee costs is resulted from global expansion in business operations.

Be kind to Employees

At Systems, we aim to create a collaborative and safe work environment that ensures openness, flexibility, stimulate creativity, job satisfaction, and the well-being of all our Systemers and their families. From this holistic approach, the benefits linked to compensation are no longer separated from other benefits and experiences; resultantly, Systems aims to conduct recreational activities and support professional growth which is key in motivating employees leading to a sustainable competitive edge and ultimately wellbeing of our employees.

	2023	2022
No. of Employees	7,398	6,147
Male to Female Ratio	86:14	86:14
Female Employees on Senior Management Positions	25	16
Employee Insurance Cost	407 MN	192 MN
No. of Training sessions	492	275
Spent on Trainings & Certifications	115 MN	46 MN

Giving Back to the Society

At Systems, our values ensure that growing exponentially means that company has to give back to the society. COVID-19 has resulted in a paradigm shift where more people want to enter into the realm of IT world and explore opportunities. As a result, numerous initiatives were undertaken to give the society the necessary skills and technical knowledge. We believe in the importance of education as an engine for the development and growth of countries, and we believe that technology is a key tool to guarantee inclusive and equitable access to quality education.

	2023	2022
Management Trainee Officers Hired*	56	25
Laptops' Donations	30	211
colaborative agreements with educational institutes	<ul style="list-style-type: none"> • Fast - Karachi • IQRA University - Karachi • Fast - Lahore • IBA - Karachi 	<ul style="list-style-type: none"> • Fast - Karachi • IQRA University - Karachi • Fast - Lahore • IBA - Karachi

* The decrease in MTO hirings is due to the fact that company has made permanent all the previous hired MTOs.

Governance

Growing exponentially brings challenges to meet requirements of all regulators impacting our operations. At Systems we have a comprehensive framework to ensure that our operations are in line with the applicable laws & regulations. We have established independent Audit Committee and have adopted internationally accepted control frameworks to align all our operational, financial and compliance matters, prevent financial leakages, ensure confidentiality & data privacy and improve overall governance.

	2023	2022
Audit Committee Meetings	4	5
Board Meetings	6	6
Remuneration Committee Meetings	2	2
Key Governance Certifications	<ul style="list-style-type: none"> • SOC1 – SOC2 • ISO 9001:2015 • ISO 27001:2013 • ISO 20000-1:2018 • ISO 45001:2018 • ISO 14001:2015 • ISO 18295-1:2017 • ISO 27701:2019 • HIPAA 	<ul style="list-style-type: none"> • SOC1 – SOC2 • ISO 9001:2015 • ISO 27001:2013 • ISO 20000-1:2018 • ISO 45001:2018 • ISO 14001:2015 • ISO 18295-1:2017 • ISO 27701:2019 • HIPAA

Sustainable Financial Growth

Systems believes that the future belongs to organizations who are forward looking, ensure constant evolution, adapt the strength of their culture, expand globally for its business, and are empowered by the potential of new technologies. Systems aims to make a paradigm shift in how a company operates and ensure consistent growth with value addition to its shareholders.

Financial Growth Highlights

	2023	2022
Revenue (PKR MILLION)	53,435	31,759
Profit After Tax (PKR MILLION)	8,689	6,629
Gross Profit Margin	26%	27%
Net Profit Margin	16%	21%
Return on Equity	27%	29%
Dividend Payout	20%	22%

Environmental, Social & Governance Self Assessment Dashboard

ESG					
Be kind to Environment					
SDG Target	Aim	Status 2023	Performance Indicator	Quantitative Impact	UN sustainability goals
Efficient waste management	Reduce, reuse and recycle to minimize waste, including e-waste.	<ul style="list-style-type: none"> Increased emphasis on paper-less operations Placement of separate recycle bins for paper, plastic & others at office premises Emphasis on using double side printing whenever practical. Using more cloud services thus reducing investment in on-premises data centers reducing our waste further. Implementation of password control on use of printers to further reduce printing. 	Paper consumption tracking Repair & maintenance of printers	Per Employee Cost 2022: PKR 5,142 per employee 2023: PKR 3,514 per employee	
Clean Water and Sanitation	<ul style="list-style-type: none"> Support and strengthen the participation of local communities in improving water and sanitation management. Ensure clean water and sanitation availability to everyone Substantially increase water-use efficiency and ensure sustainable withdrawals and supply of freshwater to address water scarcity. 	<ul style="list-style-type: none"> Emphasis on using less water in the form of 'save water' signs in the rest rooms Collecting and using water from air conditioning in non drinking activities like watering plants. 	Water Consumptions reduced	Conducted save water roadshows	
Energy Consumption	Reduce our energy consumption and bring renewable energy sources in use.	<ul style="list-style-type: none"> Implementing a hybrid working model that strategically integrates both office-based and remote work, thereby contributing to a discernible reduction in energy consumption. Greater emphasis by the administrative team towards installation of energy efficient equipment like led lights. Mandatory day off for designated departments, to foster employees well being along with saving energy. Carpooling initiative, aims to reduce carbon emission and fuel consumption by promoting shared commuting among employees. 	<ul style="list-style-type: none"> Tracking electricity consumption Monitoring fuel consumption in generators 	Per Employee Cost 2022 – PKR 26, 257 2023 – PKR 32,900	 

ESG

Be kind to Environment

SDG Target	Aim	Status 2023	Performance Indicator	Quantitative Impact	UN sustainability goals
Responsible sourcing	<ul style="list-style-type: none"> Transparent and competitive process for vendor selection Promoting local vendors Managing conflict of interest Integrating environmental friendly vendor selection criteria 	<ul style="list-style-type: none"> Comprehensive procurement manual to ensure transparency and adherence to the principles of responsible and competitive sourcing. Conflict of Interest Policy Not associating with suppliers that aren't in compliance with minimum wage Act and/or employment of underage employees. 	<ul style="list-style-type: none"> Review of Supplier Master Data & Vendor Evaluation of top 20 vendors 	N/A	

Be kind to Employees

Non Discrimination, Diversity & goal inclusion	<p>Establishing a gender-diverse workforce and leveraging global talent resources to ensure equitable hiring opportunities, free from discrimination based on ethnic or religious origin.</p>	<ul style="list-style-type: none"> Fostering workplace gender equality to eliminate disparities and promoting the inclusion of individuals of all genders across all departments. 2 Female director nomination on our Board of Directors & C-levels Harassment policy in place Enhancing the work-life balance for our employees by introducing a complimentary day care facility (available at our Lahore & Karachi locations) -Diversity Day celebrated, to foster inclusivity through engaging activities, insightful discussion and initiatives. Fully equipped office GYM, meticulously designed to prioritize and enhance the well being and health of our valued employees. Complimentary Van services for our female employees to facilitate safe and smoother commuting experience. 	<ul style="list-style-type: none"> Ratio of male to female employees Female employees on grade 1A, 1, 2A, 2, 3A Dedicated shuttle service for female employees Region wise employee count 	<p>Male to female ratio: 2022: 86:14 2023: 86:14</p> <p>Female Employees on senior management positions 2023: 25 2022: 16</p>	 
Employee engagement	<p>Dedicated to ensuring fulfilling and enriching career experiences for our employees.</p>	<ul style="list-style-type: none"> Creating decent work and stable income for thousands of people, contributing to sustainable livelihoods and fostering economic well being. Ensuring a fair and lawful treatment towards our employees by upholding strict compliance with minimum wage requirements and labour law requirements. 	No of employee engagement activities conducted	<p>Employee Engagement Activities: 30</p> <p>Connects & Townhalls: 95</p> <p>Awards & Recognition: 31</p> <p>Systalks & Tech Workshops: 20</p> <p>Leadership Connects with new joiners: 8</p>	
Safety First	<p>Creating a safe working environment for our employees and the environment as whole.</p>	<ul style="list-style-type: none"> Installation and maintenance for fire extinguishers throughout the premises. Trainings and drills to ensure that the workforce is well-prepared to adeptly handle emergency situations. Installation of electricity safety equipment like miniature circuit breakers, fuses etc. Temperature checks on entry to employee premises along with placement of multiple hand sanitizers across all the floors. All employees have health and life insurance. Provision for OPD requirements for employees and their families. 	<ul style="list-style-type: none"> Zero injuries / accidents reported No incident of fire during the last three years 	<p>Insurance Cost: 2022: PKR 192.4M 2023: PKR 407.3M</p> <p>Fortnightly safety drills are conducted.</p> <p>Fire extinguishers are checked on quarterly basis</p>	 

ESG

Be kind to Employees

SDG Target	Aim	Status 2023	Performance Indicator	Quantitative Impact	UN sustainability goals
		<ul style="list-style-type: none"> • Policy to wear facemask at all times in office premises. • Installation of First aid boxes, Hand sanitizers in all offices. 			
Growth and development	To improve technical skills of resources to ensure competitive edge and familiarisation with new disruptive technologies	<ul style="list-style-type: none"> • Annual resource wise training calendar approved by HRCC • Policy for cost reimbursements for technical/professional certifications. • Free-of-cost soft skills training sessions focused on formal English writing and communication, underscoring our commitment to enhancing professional development for our employees. 	<ul style="list-style-type: none"> • 300+ training sessions conducted • 77 Systemers graduated from SysVistech Leadership University 	Spending on Trainings & Certifications: 2022: PKR 46M 2023: PKR 115M Total Training Hours: 14,514 Total Training: 259 Total Sessions: 492	
Fraud prevention & ethical conduct	To ensure all employees follow the highest level of ethical standards and act as an agent of fraud prevention at all levels.	<ul style="list-style-type: none"> • A comprehensive code of conduct policy, anti fraud and anti bribery policy exists and implemented for managing conflict of interest and promote ethics at all levels. 	Survey results	N/A	
Disability inclusion	Creating a safe working environment for employees with disabilities across all departments.	<ul style="list-style-type: none"> • Workplace adjustments across all departments • Hiring of specially-abled employees. 	No. of specially-abled employees hired	Specially-abled employees 2023: 18 2022 : 12	
Giving back to the society					
Digital Inclusion	To ensure a IT skills are transferred to a more wider group of people in the society thus creating a sustainable work force to support the needs of the IT Industry	<ul style="list-style-type: none"> • Donated laptops to Ali Institute, • MOU signed with FAST and ITU • DOST FUND established to help employees in times of difficulty • MOU Agreement with FAST • Chiniot/Faisalabad Campuses • Habib University for scholarships • Systems inclusion on Advisory Boards of Fast 	Agreements with universities and educational institutes	N/A	
CSR initiatives	<ul style="list-style-type: none"> • Increase donations to schools, hospitals and other charity organizations. • Helping employees in times of difficulty. • Collaborating universities to improve talent. 	<ul style="list-style-type: none"> • Significant increase in donations to schools and charity organizations • Provided IT Trainings to 110+ students • Significant increase in donation to hospitals • Sponsored treatment of 10 children • Contributed to the construction of hospitals. • Helping Employees in times of difficulties 	Donations in terms of monetary units and assets	2022: PKR 70M 2023: PKR 70M	
Adding value to economy by creating job opportunities & improvise education	Create sustainable job opportunities for fresh graduates and experience employees adding value to the economy	<ul style="list-style-type: none"> • Launched IT Mustakbil Program a 6 months comprehensive diploma in computer science and IT related technologies to bring a more diverse group of non-cs graduates in the IT industry. • Hiring fresh graduates under the MTO program to develop the technical skills of qualified students 	No. of Fresh graduates hired	Fresh Graduates Hired 2023: 56 2022: 25	

ESG

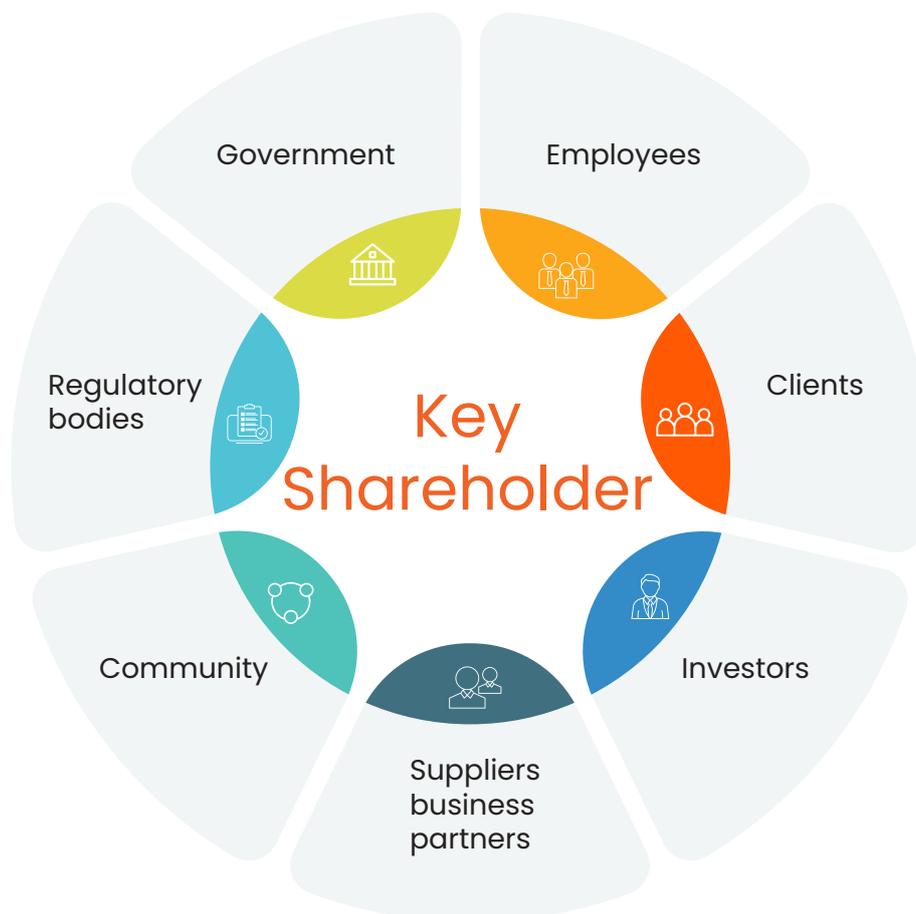
Governance

SDG Target	Aim	Status 2023	Performance Indicator	Quantitative Impact	UN sustainability goals
Responsible tax practices	Ensure that the company is duly discharging its tax liability	<ul style="list-style-type: none"> Ensuring that the company is working with vendors and suppliers who are registered with tax authorities and also responsible tax citizens Engaging good tax consultants to ensure that the company is compliant with the tax laws 	<ul style="list-style-type: none"> Reduce tax notices and penalties Procurement policy in place to ensure transparency and competitive bidding 	N/A	
Code of Conduct/ Business Ethics	To ensure that our business and employees act with honesty and integrity.	<ul style="list-style-type: none"> The company has a code of conduct which covers Conflicts of interest, ethical conduct at workplace The company has implemented a complete policy and mechanism of Whistleblowing. 	No cases reported	N/A	
Related party transactions	Disclose all the related party transactions to ensure compliance with the applicable laws.	All related party disclosures are made in quarterly and annual accounts of the company.	<ul style="list-style-type: none"> Quarterly approval of related party transactions by Audit Committee & the Board Audit report on compliance with code of corporate governance and there is no non-compliance. 	N/A	
Cybersecurity and Data privacy	Ensure the safety of stakeholder data.	The Company is certified under ISO-27000 which is inline with the ITIL best practice framework over IT controls and information retention. Further, the company is following NIST security protocols for the protection of data related to all stakeholders.	<ul style="list-style-type: none"> The company is certified with the following: <ul style="list-style-type: none"> ISO 27000 ISO 9001 ISO 20001 ISO 18295 Further, the company also have independent SOC1 and SOC 2 reports. Zero incident of breach of security protocols The company has invested in IBM SIEM 	N/A	
Sustainable Financial Growth					
Stakeholder Value addition	Ensure sustainable financial growth	<ul style="list-style-type: none"> 63% increase in revenue 55% increase in operating profit 50% increase in EPS 27% return on equity Consistent dividend payout ratio Continuous development in products and services 	<ul style="list-style-type: none"> Revenue growth Profitability growth Dividend payouts 	Respective reported results	
	Transparent reporting to shareholders and addressing any grievances	<ul style="list-style-type: none"> All results and material facts are timely disclosed on PSX and SECP to ensure transparency To address shareholders concerns a dedicated email for investors have been established 	<ul style="list-style-type: none"> No Penalties/ notices from PSX and SECP for non-disclosure 	N/A	

Stakeholders Engagement

Systems engage all its stakeholders through both structured and occasional dialogue and interactions. Our stakeholders comprise of employees, customers, business partners, regulators, government and wider society.

During the year Systems have conducted both formal and informal conversations with suppliers, business partners, customers, investors and regulators as part of our daily operations. A summary of our engagements with stakeholders along with medium used is described below;



Stakeholders	Expectation	Modes of Engagement
Clients	Business Value & Innovation	Client Visits and Meetings Customer Surveys Social Media
People	Career Opportunities, Health & Safety, Learning & Development	HR Survey - Intranet portals - SRC Club Bulletin Boards - Blogs - Retreats - OPD Facility - Transport facility for female employees
Investors	Profitable Growth, Sustainability & Transparent Reporting	Investor Briefings & Calls - Company Website Annual General Meeting - PSX Announcements. Print & Digital Media - Social Media
Suppliers & Alliance Partners	Long term partnerships	Financial Reports - Collaboration Conferences - Social Media
Community	Education & Environment	Volunteer Initiatives i.e. Donations CSR Engagements Partnerships with NGOs
Government & Regulatory Bodies	Compliance & reporting	SECP Filings - PSX Filings - External Reports Interactions with statutory bodies like PESSI, FBR Tax returns filing

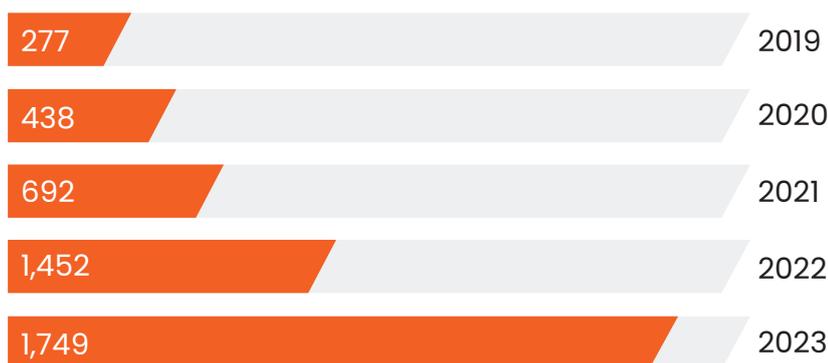
Share Holders' Key Information

Equity & shareholding information

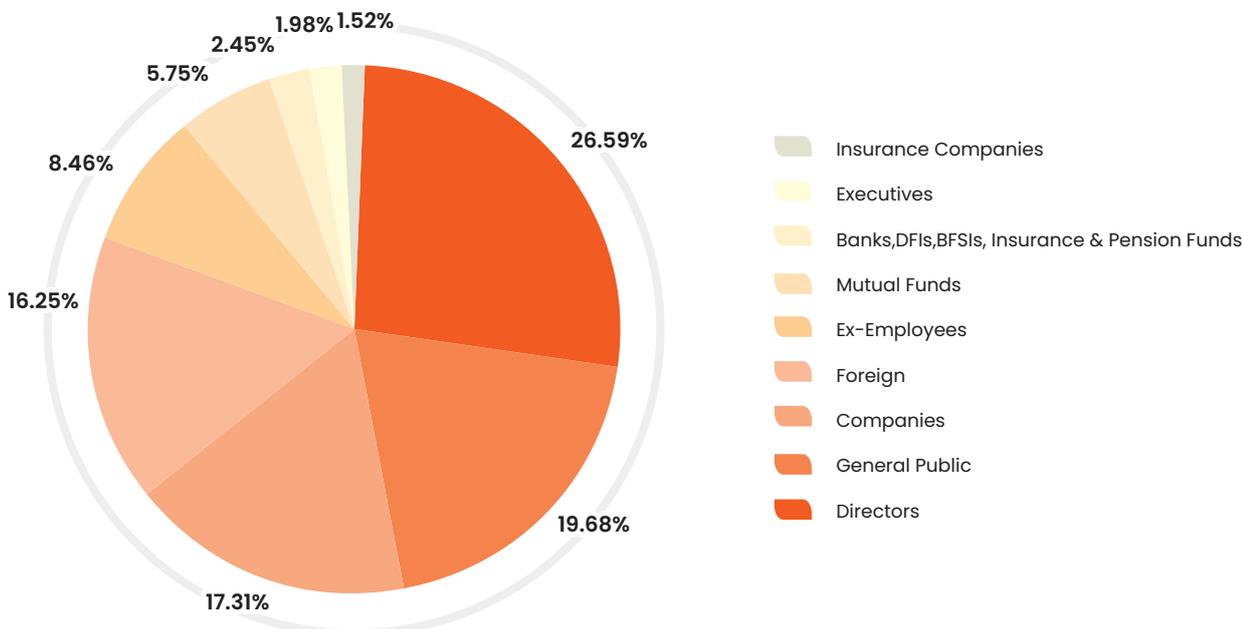
Equity & Stock Information

Authorized Capital	4,000,000,000
Number Of Shares	400,000,000
Par Value	PKR 10
Type Of Shares	COMMON

Divident payout (PKR MILLION)



Shareholding Breakup



Pattern of shareholding – Systems Limited

The Shareholding in the Company as at 31 December 2023 is as follows:

Shareholder Category	Number of Shareholders	Shareholding Breakup	Number of Shares
Directors	15	26.59%	77,484,067
Companies	230	17.31%	50,451,669
Foreign	52	16.25%	47,370,457
Ex-Employees	17	8.46%	24,641,905
Executives	25	1.98%	5,773,732
General Public	7,647	19.68%	57,358,986
Mutual Funds	80	5.75%	16,754,083
Banks,DFIs,BFSIs, Insurance & Pension Funds	10	2.45%	7,145,835
Insurance Companies	18	1.52%	4,440,666
Total	8,094	100%	291,421,400

Pattern of Shareholding for the year 31 December 2023

Number of Shareholders	From	Shareholding	To	Total Shares Held	Percentage
3,141	1		100	112,967	0.039%
2,151	101		500	559,251	0.192%
698	501		1000	554,859	0.190%
1,333	1001		5000	2,787,055	0.956%
210	5001		10000	1,553,355	0.533%
112	10001		15000	1,368,448	0.470%
68	15001		20000	1,212,577	0.416%
38	20001		25000	877,893	0.301%
24	25001		30000	682,062	0.234%
16	30001		35000	528,224	0.181%
14	35001		40000	533,300	0.183%
18	40001		45000	767,355	0.263%
15	45001		50000	715,500	0.246%
9	50001		55000	465,883	0.160%
16	55001		60000	924,116	0.317%
17	60001		65000	1,058,107	0.363%
9	65001		70000	608,383	0.209%
7	70001		75000	512,269	0.176%
8	75001		80000	625,801	0.215%
8	80001		85000	659,919	0.226%
4	85001		90000	348,876	0.120%
5	95001		100000	485,300	0.167%
4	100001		105000	405,078	0.139%
2	105001		110000	213,057	0.073%
3	110001		115000	338,524	0.116%
3	115001		120000	356,381	0.122%
5	120001		125000	610,574	0.210%
2	125001		130000	256,870	0.088%
5	130001		135000	664,029	0.228%
1	135001		140000	139,980	0.048%
1	140001		145000	140,300	0.048%
3	145001		150000	444,772	0.153%
1	155001		160000	157,500	0.054%
2	160001		165000	324,704	0.111%
5	165001		170000	835,726	0.287%
2	170001		175000	343,662	0.118%
5	175001		180000	891,650	0.306%
1	180001		185000	184,102	0.063%

Number of Shareholders	From	Shareholding	To	Total Shares Held	Percentage
3	185001		190000	559,000	0.192%
1	190001		195000	192,000	0.066%
1	200001		205000	203,600	0.070%
1	210001		215000	213,759	0.073%
2	220001		225000	448,301	0.154%
2	230001		235000	460,791	0.158%
1	235001		240000	235,570	0.081%
2	245001		250000	499,682	0.171%
1	250001		255000	253,840	0.087%
1	265001		270000	266,200	0.091%
1	270001		275000	270,579	0.093%
1	275001		280000	280,000	0.096%
1	280001		285000	280,808	0.096%
2	285001		290000	573,652	0.197%
1	290001		295000	294,253	0.101%
3	295001		300000	896,462	0.308%
2	305001		310000	615,021	0.211%
2	310001		315000	625,500	0.215%
1	315001		320000	320,000	0.110%
1	325001		330000	328,400	0.113%
1	330001		335000	333,900	0.115%
1	335001		340000	339,781	0.117%
2	355001		360000	715,532	0.246%
2	375001		380000	753,332	0.259%
1	385001		390000	385,172	0.132%
1	390001		395000	394,744	0.135%
2	395001		400000	798,700	0.274%
1	405001		410000	405,708	0.139%
1	420001		425000	421,226	0.145%
1	425001		430000	427,649	0.147%
1	430001		435000	435,000	0.149%
1	445001		450000	448,250	0.154%
2	470001		475000	942,710	0.323%
1	535001		540000	539,505	0.185%
1	550001		555000	551,016	0.189%
1	555001		560000	555,465	0.191%
1	570001		575000	572,807	0.197%
2	575001		580000	1,152,168	0.395%
2	580001		585000	1,166,361	0.400%
1	585001		590000	585,102	0.201%
2	590001		595000	1,184,520	0.406%
1	595001		600000	595,670	0.204%
2	610001		615000	1,225,712	0.421%
1	615001		620000	617,210	0.212%
2	635001		640000	1,274,502	0.437%
2	665001		670000	1,332,421	0.457%
1	690001		695000	692,808	0.238%
1	700001		705000	704,181	0.242%
1	715001		720000	715,003	0.245%
1	730001		735000	732,160	0.251%
1	750001		755000	751,000	0.258%
1	765001		770000	767,121	0.263%
2	775001		780000	1,552,417	0.533%
1	795001		800000	798,560	0.274%
1	800001		805000	802,206	0.275%
1	805001		810000	806,663	0.277%
1	825001		830000	829,592	0.285%

Number of Shareholders	From	Shareholding	To	Total Shares Held	Percentage
1	840001		845000	842,339	0.289%
1	845001		850000	847,457	0.291%
1	875001		880000	876,916	0.301%
1	910001		915000	910,876	0.313%
1	935001		940000	940,000	0.323%
1	995001		1000000	998,962	0.343%
1	1115001		1120000	1,119,820	0.384%
1	1165001		1170000	1,169,071	0.401%
1	1270001		1275000	1,271,810	0.436%
1	1370001		1375000	1,373,525	0.471%
2	1480001		1485000	2,964,976	1.017%
1	1495001		1500000	1,498,067	0.514%
1	1530001		1535000	1,533,248	0.526%
1	1625001		1630000	1,625,376	0.558%
1	1665001		1670000	1,669,207	0.573%
1	1735001		1740000	1,736,472	0.596%
1	1775001		1780000	1,777,592	0.610%
1	1835001		1840000	1,838,528	0.631%
1	1915001		1920000	1,917,581	0.658%
1	1930001		1935000	1,930,823	0.663%
1	2065001		2070000	2,069,570	0.710%
1	2245001		2250000	2,248,886	0.772%
1	2285001		2290000	2,285,354	0.784%
1	2455001		2460000	2,457,922	0.843%
1	2495001		2500000	2,500,000	0.858%
1	2525001		2530000	2,526,752	0.867%
1	2595001		2600000	2,597,500	0.891%
1	2645001		2650000	2,645,190	0.908%
1	2775001		2780000	2,776,718	0.953%
1	2850001		2855000	2,853,383	0.979%
1	3320001		3325000	3,324,000	1.141%
1	3680001		3685000	3,683,449	1.264%
1	3745001		3750000	3,747,204	1.286%
1	3795001		3800000	3,797,498	1.303%
1	3895001		3900000	3,899,981	1.338%
1	4265001		4270000	4,268,648	1.465%
1	5990001		5995000	5,994,375	2.057%
1	6160001		6165000	6,162,158	2.115%
1	6665001		6670000	6,665,793	2.287%
1	7605001		7610000	7,609,654	2.611%
1	7885001		7890000	7,888,984	2.707%
2	8590001		8595000	17,186,818	5.898%
1	10135001		10140000	10,135,038	3.478%
1	10495001		10500000	10,500,000	3.603%
1	12105001		12110000	12,107,780	4.155%
1	15830001		15835000	15,830,332	5.432%
1	17375001		17380000	17,376,186	5.963%
1	38065001		38070000	38,067,880	13.063%
8,094				291,421,400	100%

1. MUTUAL FUNDS

Information of shareholding as at 31 December 2023 as required under the Code of Corporate Governance is as follows:

Name	Number of Shares Held	Percentage%
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	398,700	0.14%
CDC - TRUSTEE HBL INVESTMENT FUND	89,765	0.03%
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	280,000	0.10%

Name	Number of Shares Held	Percentage%
CDC – TRUSTEE ATLAS STOCK MARKET FUND	595,670	0.20%
CDC – TRUSTEE MEEZAN BALANCED FUND	146,049	0.05%
CDC – TRUSTEE ALFALAH GHP VALUE FUND	8,950	0.00%
CDC – TRUSTEE AKD INDEX TRACKER FUND	52,299	0.02%
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	80,600	0.03%
CDC – TRUSTEE AL MEEZAN MUTUAL FUND	777,049	0.27%
CDC – TRUSTEE MEEZAN ISLAMIC FUND	3,683,449	1.26%
CDC – TRUSTEE FAYSAL ASSET ALLOCATION FUND	15,750	0.01%
CDC – TRUSTEE UBL STOCK ADVANTAGE FUND	270,579	0.09%
CDC – TRUSTEE ATLAS ISLAMIC STOCK FUND	357,614	0.12%
CDC – TRUSTEE AL-AMEEN SHARIAH STOCK FUND	775,368	0.27%
CDC – TRUSTEE NBP STOCK FUND	1,373,525	0.47%
CDC – TRUSTEE NBP BALANCED FUND	64,919	0.02%
CDC – TRUSTEE MEEZAN TAHAFFUZ PENSION FUND – EQUITY SUB FUND	798,560	0.27%
CDC – TRUSTEE APF-EQUITY SUB FUND	36,000	0.01%
CDC – TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	55,177	0.02%
CDC – TRUSTEE HBL – STOCK FUND	13,841	0.00%
CDC – TRUSTEE NBP ISLAMIC SARMAYA IZAFI FUND	165,341	0.06%
CDC – TRUSTEE APIF – EQUITY SUB FUND	68,500	0.02%
CDC – TRUSTEE ALFALAH GHP STOCK FUND	23,442	0.01%
CDC – TRUSTEE ALFALAH GHP ALPHA FUND	7,724	0.00%
CDC – TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	180,000	0.06%
CDC – TRUSTEE ABL STOCK FUND	148,723	0.05%
CDC – TRUSTEE LAKSON EQUITY FUND	223,311	0.08%
CDC – TRUSTEE NBP SARMAYA IZAFI FUND	50,029	0.02%
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	6,477	0.00%
CDC – TRUSTEE KSE MEEZAN INDEX FUND	572,807	0.20%
MCBFSL – TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	14,356	0.00%
MCBFSL – TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	12,050	0.00%
MCBFSL – TRUSTEE ABL ISLAMIC STOCK FUND	170,462	0.06%
CDC – TRUSTEE UBL ASSET ALLOCATION FUND	8,410	0.00%
CDC – TRUSTEE FIRST CAPITAL MUTUAL FUND	10,000	0.00%
BRR GUARDIAN LIMITED	200	0.00%
CDC – TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	35,400	0.01%
CDC – TRUSTEE AWT ISLAMIC STOCK FUND	15,040	0.01%
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	139,980	0.05%
CDC – TRUSTEE UBL RETIREMENT SAVINGS FUND – EQUITY SUB FUND	45,644	0.02%
CDC – TRUSTEE ABL ISLAMIC PENSION FUND – EQUITY SUB FUND	8,309	0.00%
CDC – TRUSTEE ABL PENSION FUND – EQUITY SUB FUND	6,428	0.00%
CDC – TRUSTEE NBP ISLAMIC STOCK FUND	357,918	0.12%
CDC – TRUSTEE AWT STOCK FUND	10,270	0.00%
CDC – TRUSTEE NIT ISLAMIC EQUITY FUND	471,006	0.16%
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	28,654	0.01%
CDC-TRUSTEE NITPF EQUITY SUB-FUND	14,000	0.00%
CDC – TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	5,850	0.00%
CDC – TRUSTEE FAYSAL MTS FUND – MT	38,200	0.01%
CDC – TRUSTEE MEEZAN ASSET ALLOCATION FUND	44,609	0.02%
CDC – TRUSTEE LAKSON TACTICAL FUND	15,466	0.01%
CDC – TRUSTEE LAKSON ISLAMIC TACTICAL FUND	19,311	0.01%
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	10,987	0.00%
CDC – TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	4,148	0.00%
CDC TRUSTEE – MEEZAN DEDICATED EQUITY FUND	78,221	0.03%
CDC – TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	55,500	0.02%
CDC – TRUSTEE FAYSAL ISLAMIC DEDICATED EQUITY FUND	18,697	0.01%
CDC – TRUSTEE NIT ASSET ALLOCATION FUND	27,500	0.01%
CDC – TRUSTEE NIT PAKISTAN GATEWAY EXCHANGE TRADED FUND	8,880	0.00%
CDC – TRUSTEE UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND	8,224	0.00%

Name	Number of Shares Held	Percentage%
CDC - TRUSTEE FAYSAL ISLAMIC STOCK FUND	78,288	0.03%
CDC - TRUSTEE MEEZAN PAKISTAN EXCHANGE TRADED FUND	18,990	0.01%
CDC - TRUSTEE NBP PAKISTAN GROWTH EXCHANGE TRADED FUND	10,317	0.00%
CDC - TRUSTEE HBL INCOME FUND - MT	1,300	0.00%
CDC - TRUSTEE HBL FINANCIAL SECTOR INCOME FUND PLAN I - MT	9,800	0.00%
CDC - TRUSTEE PAK-QATAR ISLAMIC STOCK FUND	50,539	0.02%
CDC - TRUSTEE PAK QATAR IPF - EQUITY SUB FUND	921	0.00%
CDC TRUSTEE - PUNJAB PENSION FUND TRUST	539,505	0.19%
CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	67,495	0.02%
CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	175,330	0.06%
CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND	33,600	0.01%
CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	44,800	0.02%
CDC - TRUSTEE AGIPF EQUITY SUB-FUND	5,480	0.00%
CDC - TRUSTEE AGPF EQUITY SUB-FUND	2,274	0.00%
CDC - TRUSTEE PUNJAB GENERAL PROVIDENT INVESTMENT FUND	130,000	0.04%
CDC - TRUSTEE FAYSAL PENSION FUND-EQUITY SUB FUND	4,000	0.00%
CDC - TRUSTEE FAYSAL ISLAMIC PENSION FUND-EQUITY SUB FUND	3,200	0.00%
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	288,452	0.10%
FIRST DAWOOD INVESTMENT BANK LIMITED	500	0.00%
B.R.R. GUARDIAN LIMITED	2,285,354	0.78%
	16,754,083	5.75%

2. DIRECTORS, SPOUSES AND THEIR CHILDREN

Name	Number of Shares Held	Percentage%
AEZAZ HUSSAIN	8,706,359	2.99%
DR. NEELAM HUSSAIN	8,823,575	3.03%
RIAZ HUSSAIN	585,102	0.20%
SEHR KHALIQ	876,916	0.30%
MUHAMMAD ASIF PEER	20,098,980	6.90%
MUHAMMAD ARSHAD MASOOD	38,353,080	13.16%
ROMANA ABDULLAH	3,825	0.00%
HARRIS HASAN SYED	33,030	0.01%
OMER SAEED	2,200	0.00%
MR. ZUBYR SOOMRO	500	0.00%
MAHEEN RAHMAN	500	0.00%
	77,484,067	26.59%

3. EX-EMPLOYEES **24,641,905** **8.46%**

4. EXECUTIVES **5,773,732** **1.98%**

5. COMPANIES **50,451,669** **17.31%**

6. BANKS, DFIS, NBFIS, INSURANCE COMPANIES & PENSION FUNDS **7,145,835** **2.45%**

7. INSURANCE COMPANIES **4,440,666** **1.52%**

8. FOREIGN COMPANIES

Name	Number of Shares Held	Percentage%
EATON VANCE COLLECTIVE INV TRT FOR EMP BENEFIT PLANS	27,223	0.01%
MORGAN STANLEY INSTITUTION FND INC.- FRONTIER MKTS PORTFOLIO	715,003	0.25%
PARAMETRIC EMERGING MARKETS FUND	85,000	0.03%
PARAMETRIC TAX-MANAGED EMERGING MARKETS FUND	213,759	0.07%
EATON VANCE TRT CO CM TRT FUND	56,742	0.02%

Name	Number of Shares Held	Percentage%
DEUTSCHE BANK SUISSE S.A	17,797	0.01%
GALAXY FUND	1,498,067	0.51%
GLOBAL MACRO CAPITAL OPPORTUNITIES PORTFOLIO	134,319	0.05%
FRONTIER MARKET OPPORTUNITIES MASTER FUND, LP	400,000	0.14%
SILK INVEST NEW HORIZONS FRONTIER FUND	253,840	0.09%
VANGUARD FTSE ALL-WORLD EX-US SMALL CAP INDEX FUND	305,021	0.10%
GLOBAL X FUNDS-GLOBAL X MSCI PAKISTAN ETF	802,206	0.28%
CHIMERA S&P PAKISTAN UCITS ETF	63,516	0.02%
J.P. MORGAN SECURITIES PLC	294,253	0.10%
EATON VANCE INTL IRLND F.P-EATN V.INTL IRLND PRAMTRIC E.M.F	63,271	0.02%
ASHMORE SICAV EMERGING MARKET FRONTIER EQUITY FUND	829,592	0.28%
ASHMORE EMERGING MARKETS FRONTIER EQUITY FUND	767,121	0.26%
INFINITI UNIVERSAL CORP	62,000	0.02%
ARISTEA SICAV NEW FRONTIERS EQUITY FUND	280,808	0.10%
LEGAL AND GENERAL ICAV	637,502	0.22%
EAST CAPITAL	3,899,981	1.34%
GLOBEFLEX FRONTIER ALL CAP L.P.	1,169,071	0.40%
MCKINLEY CAPITAL MEASA FUND OEIC LIMITED	732,160	0.25%
THE FAR EAST VALUE MASTER FUND LIMITED	173,200	0.06%
PEDDER STREET ASIA ABSOLUTE RETURN MASTER FUND LIMITED	179,720	0.06%
AZIMUT PAKISTAN EQUITY FUND (OEIC) PLC	97,940	0.03%
RUSSELL INVESTMENTS EMERGING MARKETS EQUITY POOL	119,561	0.04%
VANGUARD TOTAL WORLD STOCK INDEX FUND	111,174	0.04%
RUSS INV TR CO COMM EMP BEN FNDS TR	665,061	0.23%
ISHARES FRONTIER AND SELECT EM ETF	842,339	0.29%
AL MEHWAR COMMERCIAL INVESTMENTS LLC	6,665,793	2.29%
AL MEHWAR COMMERCIAL INVESTMENTS LLC	940,000	0.32%
Morgan Stanley Investment Funds (975-6)	806,663	0.28%
T. ROWE PRICE FUNDS SICAV - FRONTIER MKTS EQ F[000912600018]	611,454	0.21%
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	592,657	0.20%
VANGUARD EMERGING MARKETS STOCK INDEX FUND	421,226	0.14%
TCM INVESTMENT FUNDS LUX - TCM GLOB FRONTR HI DIVDEND EQUITY	83,969	0.03%
GREYHOUND ASIA FUND LIMITED	6,162,158	2.11%
VANGUARD ESG INTERNATIONAL STOCK ETF	16,462	0.01%
ROBECO CAPITAL GROWTH FUNDS	32,995	0.01%
VANGUARD FIDUCIARY TRST CO INST TOTAL INTL STCK MRKT IND TRU	44,578	0.02%
EVLI EMERGING FRONTIER FUND	2,500,000	0.86%
VANGUARD FIDUCIARY TRUST CO INST TTL INTL STK MK INDX TRU II	297,722	0.10%
VANG INV SER PLC-VANG ESG EMG MKTS ALL CAP EQUITY INDEX FUND	20,015	0.01%
COELI SICAV I - FRONTIER MARKETS FUND	2,645,190	0.91%
T. ROWE PRICE GLOBAL ALLOCATION FUND INC.	40,274	0.01%
REDWHEEL FRONTIER MARKETS EQUITY MASTER FUND LIMITED	584,220	0.20%
TUNDRA SUSTAINABLE FRONTIER FUND	7,888,984	2.71%
FOURTON SILKKITIE ASIA EQUITY INVESTMENT FUND	394,744	0.14%
EFG HERMES UAE L.L.C	1,119,820	0.38%
VAN F PLC - VANGUARD ESG EMERGING MARKETS ALL CAPS UCITS ETF	746	0.00%
Noor Financial Invest Co.	3,540	0.00%
	47,370,457	16.25%

9. GENERAL PUBLIC/OTHERS

57,358,986

19.68%

10. SHAREHOLDERS WITH MORE THAN FIVE PERCENT OR MORE VOTING RIGHTS

Name	Number of Shares Held	Percentage%
MUHAMMAD ARSHAD MASOOD	38,353,080	13.16%
AEZAZ HUSSAIN IRRV GRANTOR TR	17,376,186	5.96%
MUHAMMAD ASIF PEER	20,098,980	6.90%
	75,828,246	26.02%

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to all the members of Systems Limited (the "Company") that 47th Annual General Meeting of the Company is scheduled to be held on the 19th of April, 2024 at 11 am, in-person and through video-link to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Extraordinary General Meeting held on 26th December 2023.
2. To, receive, consider and adopt the Audited Accounts of the Company for the year ended 31 December 2023 together with the Board of Directors' and Auditors' report thereon.
3. To approve and declare cash dividend @ 60 % i.e. PKR 6 per share, for the year ended 31 December 2023.
4. To appoint Auditors and fix their remuneration for the year ending 31 December 2024. The Board of Directors upon recommendation of Audit Committee has recommended A.F. Ferguson and Co., being eligible for appointment as auditors of the Company for the year ending 31 December 2024.

Special Business

5. 5. To consider and, if thought fit, pass, with or without modification, the following special resolution in terms of Section 199 of Companies Act, 2017, (a) for renewal of loan to SUS Joint Venture (Private) Limited, a subsidiary of the Company, of Rs. 50 million; (b) renewal of loan and guarantee in UUS Joint Venture (Private) Limited, an associated company of the Company, of Rs. 200 million; (c) renewal of loan in E-Processing Systems (Private) Limited, an associate of the Company, of Rs. 340 million.

"Resolved that Systems Limited (the "Company") shall renew the loan extended to its subsidiary and associated companies, (a) SUS Joint Venture (Private) Limited in the form of loan Rs. 50 million; (b) UUS Joint Venture (Private) Limited, an associated company of the Company, of Rs. 200 million; (c) E-Processing Systems (Private) Limited, an associate of the Company, of Rs. 340 million, on the terms and conditions to be contained in the agreement to be executed between the Company and Associated Company in terms of Section 199 of Companies Act, 2017.

"Resolved further that Mr. Muhammad Asif Peer, the Chief Executive of the Company and Ms. Roohi Khan, the Chief Financial Officer of the Company (the "Authorized Officers"), be and are hereby empowered and authorized to undertake, execute and implement all the decisions in respect of the transaction and to take and do and/or cause to be taken or done any/all necessary acts, deeds and things, and to take any or all necessary actions which are or may be necessary, incidental and/or consequential to give effect to the aforesaid resolution, including signing and execution of documents and agreements and to complete all necessary legal formalities and to file all necessary documents as may be necessary or incidental for the purposes of implementing the aforesaid resolution".

Other Business:

6. Any other Business with the permission of the Chair.

By Order of the Board

Ali Ahmed Iftikhar
Company Secretary

29th March, 2024
Lahore

Notes:

1. The Share Transfer books of the Company will be closed from 08th April 2024 to 19th April 2024 (both days inclusive). Transfer received at the address of. M/s CDC Share Registrar Services Limited situated at CDC House, 99-B, Block B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi – 74400, Pakistan at the close of business on 05th April 2024 will be treated in time for the purpose of above entitlement to the transferees.

2. Online participation in the Annual General Meeting:

Shareholders who wish to participate in the Annual General Meeting online are advised to register with the Company on or before 10:45 a.m., April 19rd, 2024, by completing the registration process through the following link: (<https://systems ltd.zoom.us/meeting/register/tZwoceiurD0iHdwb8GI-caHlzo2COlcYJzPu>). Login facility will open thirty minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

a) Shareholders will be encouraged to participate in the AGM to consolidate their attendance and participation through proxies.

3. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote in his/her place. Proxies completed in all respect, in order to be effective, must be received at the Registered Office of the Company not less than forty-eight (48) hours before the time of meeting.

4. Pursuant to the directive of the Securities & Exchange Commission of Pakistan, CNIC numbers of shareholders are mandatorily required to be mentioned on Dividend Warrants. Shareholders are, therefore, requested to submit a copy of their CNIC (if not already provided) to the Company Share Registrar, M/s CDC House, 99-B, Block B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi – 74400, Pakistan. Pakistan.

5. The Government of Pakistan through Finance Act, 2017 made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding Tax on the amount of dividend paid by the companies/banks. These tax rates are as follows:

- (a) For filers of income tax returns 15%
- (b) For non-filers of income tax returns 30%

To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 30% all shareholders whose names are not entered into the Active Tax- payers list (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of the cash dividend, otherwise tax on their cash dividend will be deducted @30% instead of 15%.

The joint shareholders are requested to provide shareholding proportions of principal shareholders & joint shareholders as withholding tax will be determined separately on Filer/Non-filer status based on their shareholding proportions otherwise it will be assumed that shares are equally held.

The Corporate shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas physical shareholders should send a copy of their NTN Certificate to the Company or Company's Share Registrar, M/s. THK Associates (Pvt.) Limited. The shareholders while sending NTN or NTN Certificate, as the case may be, must quote Company name and their respective folio numbers.

6. SECP through its notification SRO 787(1) /2014 dated September 8, 2014 has allowed the circulations of Audited Financial Statement along with Notice of Annual General Meeting to the Members through e-mail. Therefore, all members of the Company who wish to receive soft copy of Annual Report are requested to send their e-mail addresses. The consent form for electronic transmission can be downloaded from the Company Website: www.systems ltd.com Audited financial statements & reports are being placed on the aforesaid website.

7. To facilitate the resident companies, the Securities Exchange Commission of Pakistan, through its S.R.O. 389 (I)/2023, dated 21st March, 2023, has authorized the dissemination of annual audited financial statements, encompassing balance sheets, profit and loss accounts, auditor's reports, directors' reports, and other relevant financial information, to its members via QR-enabled codes and weblinks. The Annual Report of the Company for the year ended 31st December 2023, will be available on the Company Website:

www.systemsltd.com through the following QR enabled code:



8. The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 amended through Notification dated December 05, 2022, issued by the Securities and Exchange Commission of Pakistan ("SECP"), wherein, SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business.

Accordingly, members of Systems Limited (the "Company") will be allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in its forthcoming Annual General Meeting to be held on 19th April 2024, at 11.00 AM, in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

9. In compliance with requirements of Companies Act, 2017 and Companies (Distribution of Dividends) Regulation, 2017, the Bank has withheld dividend of those shareholders who have not yet provided correct and complete bank account details including valid IBAN of their own bank accounts.

In order to receive cash dividend(s) withheld by the Bank as stated above, shareholders are requested to contact Bank's Share Registrar at the above given address or Participant / Investor Account Services of Central Depository Company of Pakistan (as the case may be) along with legible copy of their respective valid CNIC and provide their complete and correct bank account details including valid IBAN.

10. In compliance of Section 244 of the companies Act 2017, the Company has already requested through individual letters to shareholders who have not yet claimed their outstanding cash dividends/ bonus shares, Shareholders are once again requested to lodge their claims for cash dividends, right /bonus shares kept with the Share Registrar and Transfer Agent of the Bank. On the address given above.

11. In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated 5 April 2013 has advised all Listed Companies to adopt e-dividend mechanism due to the benefits it entails for shareholders. In view of the above, you are hereby encouraged to provide a dividend mandate in favor of e-dividend by providing dividend mandate form duly filled in and signed.

12. Procedure for E – Voting:

(a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business of 05th April 2024.

(b) The web address, login details, will be communicated to members via email. The security codes will be communicated to members through SMS from web portal of CDC Share Registrar Services Limited (being the e-voting service provider).

(c) Identity of the Members intending to cast vote through e-Voting shall be authenticated through electronic signature or authentication for login.

(d) E-Voting lines will start from 15th April 2024, 09:00 a.m. and shall close on 18th April 2024 at 5:00 p.m. Members can cast their votes any time in this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.

13. Procedure for Voting Through Postal Ballot:

The members shall ensure that duly filled and signed ballot paper along with copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post on the Company's registered address E-1, Sehjpal Road, Near DHA Phase-8 (Ex-Air Avenue), Lahore or email at corporate@systemsltd.com one day before the Annual General Meeting on 18th April 2024, during working hours. The signature on the ballot paper shall match with the signature on CNIC.

For the convenience of the Members, ballot paper is annexed to this notice and the same is also available on the Company's website at www.systemsltd.com for download.

Scrutinizer

In accordance with the Regulation 11 of the Regulations, the Board of the Company has appointed M/s Junaidy Shoaib Asad, Chartered Accountants, a QCR rated audit firm, to act as the Scrutinizer of the Company for the special business to be transacted in the meeting and to undertake other responsibilities as defined in Regulation 11A of the Regulations.

Statement under section 134 (3) of the companies act, 2017

This statement set out the material facts concerning the special business to be transacted at the annual general meeting of the Company to be held on 19 April 2024.

Agenda item no.6 (A)

Nature of information required to be disclosed pursuant to The Companies (Investment in Associated Companies or Undertaking) Regulations, 2017, for investment in associated company M/S SUS Joint Venture (Pvt.) Limited is as follows:

Ref. No.	Requirement	Relevant Information										
• Disclosures for all types of investments:- (A) Regarding associated company or associated undertaking:-												
i	name of the associated company	SUS Joint Venture (Private) Limited										
ii	basis of relationship	95 % shareholding / Common directorship										
iii	earnings per share for the last three years	N/A										
iv	break-up value per share, based on latest audited financial statements;	N/A										
v	financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and	Statement of Financial Position – 31 December 2023										
		<table border="0"> <tr> <td>Non-current assets</td> <td>-</td> </tr> <tr> <td>Current assets</td> <td>56,181,807</td> </tr> <tr> <td>Shareholders' equity</td> <td>49,274,709</td> </tr> <tr> <td>Non-current liabilities</td> <td>-</td> </tr> <tr> <td>Current liabilities</td> <td>6,907,098</td> </tr> </table>	Non-current assets	-	Current assets	56,181,807	Shareholders' equity	49,274,709	Non-current liabilities	-	Current liabilities	6,907,098
		Non-current assets	-									
Current assets	56,181,807											
Shareholders' equity	49,274,709											
Non-current liabilities	-											
Current liabilities	6,907,098											
Profit & Loss A/C – 31 December 2023												
		<table border="0"> <tr> <td>Revenue</td> <td>43,249,793</td> </tr> <tr> <td>Cost of revenue</td> <td>31,850,359</td> </tr> <tr> <td>Gross profit</td> <td>11,399,434</td> </tr> <tr> <td>Profit for the year</td> <td>6,872,235</td> </tr> </table>	Revenue	43,249,793	Cost of revenue	31,850,359	Gross profit	11,399,434	Profit for the year	6,872,235		
		Revenue	43,249,793									
		Cost of revenue	31,850,359									
Gross profit	11,399,434											
Profit for the year	6,872,235											
vi	in case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-	N/A										

Ref. No.	Requirement	Relevant Information
•Disclosures for all types of investments:- (A) Regarding associated company or associated undertaking:-		
i	description of the project and its history since conceptualization;	
ii	starting date and expected date of completion of work;	
iii	time by which such project shall become commercially operational;	
iv	expected time by which the project shall start paying return on investment; and	
v	funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	

(B) General Disclosures

i	maximum amount of investment to be made;	Investment in the form of loan of Rs. 50 million
ii	purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment; ;	Purpose: To meet working capital requirements of SUS Joint Venture (Private) Limited. Benefit: The completion of project will result in distribution of profits by SUS Joint Venture (Pvt.) Limited to Systems Limited. Period of Investment: The period of investment shall be one (1) year.
iii	sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-	Loan shall be granted by Systems Limited.
	i justification for investment through borrowings;	SUS Joint Venture (Private) Limited is only a special purpose vehicle for executing LRMIS project awarded to SUS Joint Venture (Private) Limited
	ii detail of collateral, guarantees provided and assets pledged for obtaining such funds; and	N/A
	iii cost benefit analysis;	N/A
iv	salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	None. Agreement shall be executed in line with section 199 of Companies Act, 2017 and resolution of shareholders to be passed in annual general meeting.
v	direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Mr. Asif Peer, CEO of Systems Limited is also member and director in SUS Joint Venture (Pvt.) Limited.
vi	in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	There is no impairment or write-off.
vii	any other important details necessary for the members to understand the transaction;	N/A

In case of investments in the form of loans, advances and guarantees, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made,-

i	category-wise amount of investment;	N/A
ii	average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	Average borrowing cost of investing company is SBP rate.
iii	rate of interest, mark-up, profit, fees or commission etc to be charged by investing company	Higher of KIBOR or borrowing cost of investing company in line with section 199 of Companies Act 2017.
iv	particulars of collateral or security to be obtained in relation to the proposed investment;	N/A
v	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable; and	N/A
vi	repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking;	Principal: One (1) year from disbursement. Mark-up: Quarterly basis.

Agenda item no.6 (B)

Nature of information required to be disclosed pursuant to The Companies (Investment in Associated Companies or Undertaking) Regulations, 2017, for investment in associated company M/S UUS Joint Venture (Pvt.) Limited is as follows:

Ref. No.	Requirement	Relevant Information										
<p>• Disclosures for all types of investments:- (A) Regarding associated company or associated undertaking:-</p>												
i	name of the associated company	UUS Joint Venture (Private) Limited										
ii	basis of relationship	49.99 % shareholding / Common directorship										
iii	earnings per share for the last three years	N/A										
iv	break-up value per share, based on latest audited financial statements;	N/A										
v	financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and in case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-	Statement of Financial Position – 31 December 2023										
		<table> <tr> <td>Non-current assets</td> <td>-</td> </tr> <tr> <td>Current assets</td> <td>272,745,360</td> </tr> <tr> <td>Shareholders' equity</td> <td>(213,291,260)</td> </tr> <tr> <td>Non-current liabilities</td> <td>-</td> </tr> <tr> <td>Current liabilities</td> <td>486,036,620</td> </tr> </table>	Non-current assets	-	Current assets	272,745,360	Shareholders' equity	(213,291,260)	Non-current liabilities	-	Current liabilities	486,036,620
		Non-current assets	-									
		Current assets	272,745,360									
Shareholders' equity	(213,291,260)											
Non-current liabilities	-											
Current liabilities	486,036,620											
Profit & Loss A/C – 31 December 2023												
<table> <tr> <td>Revenue</td> <td>14,152,532</td> </tr> <tr> <td>Cost of revenue</td> <td>23,189,615</td> </tr> <tr> <td>Gross profit</td> <td>(9,037,083)</td> </tr> <tr> <td>Loss for the year</td> <td>(48,678,401)</td> </tr> </table>	Revenue	14,152,532	Cost of revenue	23,189,615	Gross profit	(9,037,083)	Loss for the year	(48,678,401)				
Revenue	14,152,532											
Cost of revenue	23,189,615											
Gross profit	(9,037,083)											
Loss for the year	(48,678,401)											
vi	i description of the project and its history since conceptualization;	N/A										
	ii starting date and expected date of completion of work;											
	iii time by which such project shall become commercially operational;											
	iv expected time by which the project shall start paying return on investment; and											
	v funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;											

(B) General Disclosures

i	maximum amount of investment to be made;	Rs. 200 million
ii	purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	<p>Purpose: To meet working capital requirements of UUS Joint Venture (Private) Limited and to give guarantee to Pakistan Civil Aviation Authority.</p> <p>Benefit: The completion of project will results in distribution of profits by UUS Joint Venture (Pvt.) Limited to Systems Limited.</p> <p>Period of Investment: The period of investment shall be one (1) year.</p>
iii	sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-	Loan shall be from own funds while guarantee shall be issued by the banker of Systems Limited.
	i. justification for investment through borrowings;	UUS Joint Venture (Private) Limited is only a special purpose vehicle for executing Pakistan Civil Aviation Authority (PCAA) project awarded to consortium of Systems Limited and Beijing UniStrong Science & Technology Co. It is Systems Limited liability to issue guarantee to (PCAA).
	ii. detail of collateral, guarantees provided and assets pledged for obtaining such funds; and	Building
	iii. cost benefit analysis;	N/A
iv	salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	None. Agreement shall be executed in line with section 199 of Companies Act, 2017 and resolution of shareholders to be passed in annual general meeting.
v	direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Mr. Asif Peer, CEO of Systems Limited is also member and director in UUS Joint Venture (Pvt.) Limited.
vi	in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	<p>Under the terms of the Project Agreement executed between UUS-JV and Civil Aviation Authority ("CAA"), UUS-JV was entitled to 5 (five) payments in total for the provision of services against the decided milestones. Till date, UUS-JV has received 4 (Four) payments and 01 remaining partial and is yet awaiting the remaining for balance payments from the CAA against outstanding milestones. After the completion of the said milestones, CAA shall release the performance guarantees provided for the Project. In order to meet the working capital requirements for the remaining milestones / stages of the Project, the Company wishes to renew Rs. 200 million.</p> <p>There is no impairment or write-off.</p>
vii	any other important details necessary for the members to understand the transaction;	N/A

In case of investments in the form of loans, advances and guarantees, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made,-

i	category-wise amount of investment;	N/A
ii	average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	ERF loan: Average borrowing cost of investing company is SBP rate.

iii	rate of interest, mark-up, profit, fees or commission etc to be charged by investing company	Higher of KIBOR or borrowing cost of investing company in line with section 199 of companies act 2017.
iv	particulars of collateral or security to be obtained in relation to the proposed investment;	Unsecured
v	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable; and	N/A
vi	repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking;	Principal: One (1) year from disbursement.

Agenda item no.6 (C)

Nature of information required to be disclosed pursuant to The Companies (Investment in Associated Companies or Undertaking) Regulations, 2017, for investment in associated company M/S E- Processing Systems (Priavte) Limited is as follows:

Ref. No.	Requirement	Relevant Information										
•Disclosures for all types of investments:- (A) Regarding associated company or associated undertaking:-												
i	name of the associated company	E-Processing Systems (Private) Limited										
ii	basis of relationship	30.9% shareholding through EPS-BV/Associate Company/ Common directorship										
iii	earnings per share for the last three years	<table border="1"> <tr> <td>31 Dec 2023 (Rs.) ((1,962.85))</td> <td>31 Dec 2022 (Rs.) (385.90)</td> <td>31 Dec 2021 (Rs.) (504.65)</td> </tr> </table>	31 Dec 2023 (Rs.) ((1,962.85))	31 Dec 2022 (Rs.) (385.90)	31 Dec 2021 (Rs.) (504.65)							
31 Dec 2023 (Rs.) ((1,962.85))	31 Dec 2022 (Rs.) (385.90)	31 Dec 2021 (Rs.) (504.65)										
iv	break-up value per share, based on latest audited financial statements;	Rs. 1,653										
v	financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and	Statement of Financial Position – 31 December 2023										
		<table border="1"> <tr> <td>Non-current assets</td> <td>597,113,075</td> </tr> <tr> <td>Current assets</td> <td>590,715,983</td> </tr> <tr> <td>Shareholders' equity</td> <td>694,433,829</td> </tr> <tr> <td>Non-current liabilities</td> <td>31,711,100</td> </tr> <tr> <td>Current liabilities</td> <td>461,684,129</td> </tr> </table>	Non-current assets	597,113,075	Current assets	590,715,983	Shareholders' equity	694,433,829	Non-current liabilities	31,711,100	Current liabilities	461,684,129
		Non-current assets	597,113,075									
		Current assets	590,715,983									
Shareholders' equity	694,433,829											
Non-current liabilities	31,711,100											
Current liabilities	461,684,129											
Profit & Loss A/C – 31 December 2023												
<table border="1"> <tr> <td>Revenue</td> <td>276,814,979</td> </tr> <tr> <td>Cost of revenue</td> <td>151,917,656</td> </tr> <tr> <td>Gross profit</td> <td>124,897,323</td> </tr> <tr> <td>Loss for the year</td> <td>(824,382,896)</td> </tr> </table>	Revenue	276,814,979	Cost of revenue	151,917,656	Gross profit	124,897,323	Loss for the year	(824,382,896)				
Revenue	276,814,979											
Cost of revenue	151,917,656											
Gross profit	124,897,323											
Loss for the year	(824,382,896)											
vi	in case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-	N/A										
	i description of the project and its history since conceptualization;											
	ii starting date and expected date of completion of work;											
	iii time by which such project shall become commercially operational;											
	iv expected time by which the project shall start paying return on investment; and											
	v funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;											

Ref. No.	Requirement	Relevant Information
(B) General Disclosures		
i	maximum amount of investment to be made;	Rs. 340 million
ii	purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	<p>Purpose: To meet increased working capital requirement of E-Processing Systems (Private) Limited arising due to expansion of operations, expected launch of new feature its product OneLoad and a new EMI product.</p> <p>Benefit: The investment would support E-Processing Systems (Private) Limited in smoothly meeting growing working capital requirements due to expansion of operations, launching of new features in its product OneLoad and a new EMI product. Expansion in operations and new features would generate profit for shareholders including investing company.</p> <p>Period of Investment: The period of investment shall be one (1) year with 1 year roll over. convertible into equity at the discretion of the investor.</p>
iii	sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-	Own Funds
	i justification for investment through borrowings;	
	ii detail of collateral, guarantees provided and assets pledged for obtaining such funds; and	
	iii cost benefit analysis;	N/A
iv	salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	Agreement is executed in line with section 199 of Companies Act, 2017.
v	direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	<p>Mr. Aezaz Hussain, Chairman and Mr. Asif Peer, CEO of Systems Limited are also directors of E-Processing (Private) Limited.</p> <p>Mr. Aezaz Hussain, Chairman, Mr. Arshad Masood, Director and Mr. Asif Peer, CEO of Systems Limited are also member in E-Processing Systems (Private) Limited either directly or through direct relatives.</p>
vi	in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	<p>With this investment, E-Processing Systems (Private) Limited was able to develop its product OneLoad, launch its commercial operations in 2016 and met its working capital requirements. Since launch of commercial operation, E-Processing Systems (Private) Limited is able to multiply its revenues, number of transactions and number of retailers each month. Currently, OneLoad product is executing 7 million transactions per month while number of retailers using OneLoad product are around 50,000. The company is preparing for pilot operations of EMI.</p> <p>During the year, there was an impairment as disclosed in the financial statements due to notional gain on dilution of interest in 2021. The company is on cost carrying value right now as it was before the gain on dilution.</p>
vii	any other important details necessary for the members to understand the transaction;	NA

In case of investments in the form of loans, advances and guarantees, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made,-

i	category-wise amount of investment;	N/A – Single category
ii	average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	Average borrowing cost of investing company is SBP plus 0.5% for ERF Loan Facility
iii	rate of interest, mark-up, profit, fees or commission etc to be charged by investing company	KIBOR or borrowing cost of company whichever is higher
iv	particulars of collateral or security to be obtained in relation to the proposed investment;	Unsecured
v	if the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable; and	N/A
vi	repayment schedule and terms and conditions of loan or advances to be given to the associated company or associated undertaking.	Principal: One (1) year from disbursement with rollover option of 1 year. Mark-up: Quarterly basis.

Shareholders' information

REGISTERED OFFICE

E-1, Sehjpal Near DHA Phase VIII (Ex.-Air Avenue), Lahore Cantt.

T: +92 42 111-797-836

F: +92 42 3 636 8857

SHARE REGISTRAR

Central Depository Company
CDC House, 99-B, Block B,
S.M.C.H.S., Main Shakra-e-Faisal,
Karachi - 74400.

Tel: (92-21) 111-111-500

Fax: (92-21) 34326034

LISTING ON STOCK

Ordinary shares of Systems Limited are listed on Pakistan Stock Exchange Limited.

STOCK CODE / SYMBOL

The stock code / symbol for trading in ordinary shares of Systems Limited at Pakistan Stock Exchange in SYS.

STATUTORY COMPLIANCE

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the repealed Companies Ordinance, 1984 (Now, Companies Act, 2017) and allied rules, the Securities and Exchange Commission of Pakistan Regulations and the listing requirements.

DIVIDEND

The Board of Directors in their meeting held on 22 March 2024 has proposed a dividend on ordinary shares at Rs. 6.00 per ordinary share and Nil bonus shares issue.

BOOK CLOSURE DATES

Share Transfer Books of the Company will remain closed from 08 April 2024 to 19 April 2024 (both days inclusive).

DIVIDEND REMITTANCE

Ordinary dividend declared and approved at the Annual General Meeting will be paid within the statutory time limit of 15 days.

(i) For shares held in physical form: to shareholders whose names appear in the Register of Members of the Company after entertaining all requests for transfer of shares lodged with the book closure date. Company on or before the book closure date.

(ii) For shares held in electronic form: to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of business on book closure date.

WITHHOLDING OF TAX & ZAKAT ON ORDINARY DIVIDEND

As per the provisions of the Income Tax Ordinance, 2001, income tax is deductible at source by the Company at the rate of 15% in case of filer and 30% in case on non-filer wherever applicable. Zakat is also deductible at source from the ordinary dividend at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for nondeduction.

DIVIDEND WARRANTS

Cash dividends are paid through dividend warrants addressed to the ordinary shareholders whose names appear in the Register of Shareholders at the date of book closure.

GENERAL MEETINGS & VOTING RIGHTS

Pursuant to section 158 of repealed Companies Ordinance 1984 (now, section 132 of Companies Act, 2017) Systems Limited holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore and Islamabad. Shareholders having holding of at least 10% of voting rights may also apply to the Board of Directors to call for meeting of shareholders, and if the Board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

All ordinary shares issued by the Company carry equal voting rights. Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One Member-One Vote". If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded.

Since the fundamental voting principle in the Company is "One Share-One Vote", voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

INVESTOR'S GRIEVANCES

To date none of the investors or shareholders has filed any significant complaint against any service provided by the Company to its shareholders.

Proxies

Pursuant to section 161 of repealed Companies Ordinance, 1984 (now, section 137 of Companies Act, 2017) and according to the Memorandum and Articles of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another member as his/her proxy to attend and vote instead of him/her. Every notice calling a general meeting of the Company contains a statement that a shareholder is entitled to appoint a proxy.

The instrument appointing a proxy (duly signed by the shareholder appointing the proxy) should be deposited at the office of the Company not less than forty-eight hours before the meeting.

Service standards

Systems Limited has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution:

	For requests received over the counter	For requests received through post
Transfer of shares	30 days after receipt	30 days after receipt
Transmission of shares	30 days after receipt	30 days after receipt
Issue of duplicate share certificates	30 days after receipt	30 days after receipt
Change of address	2 days after receipt	1 day after receipt

Well qualified personnel of the Shares Registrar have been entrusted with the responsibility of ensuring that services are rendered within the set time limits.

Web presence

Updated information regarding the Company can be accessed at its website, www.systemsltd.com. The website contains the latest financial results of the Company together with the Company's profile.

Fundamental knowledge and understanding of financial market are crucial for the general public and lack of financial literacy or capability makes them vulnerable to frauds. SECP recognizes the importance of investors education and therefore initiated this investor education program, called 'JamaPunji', an investor training program, to promote financial literacy in Pakistan.

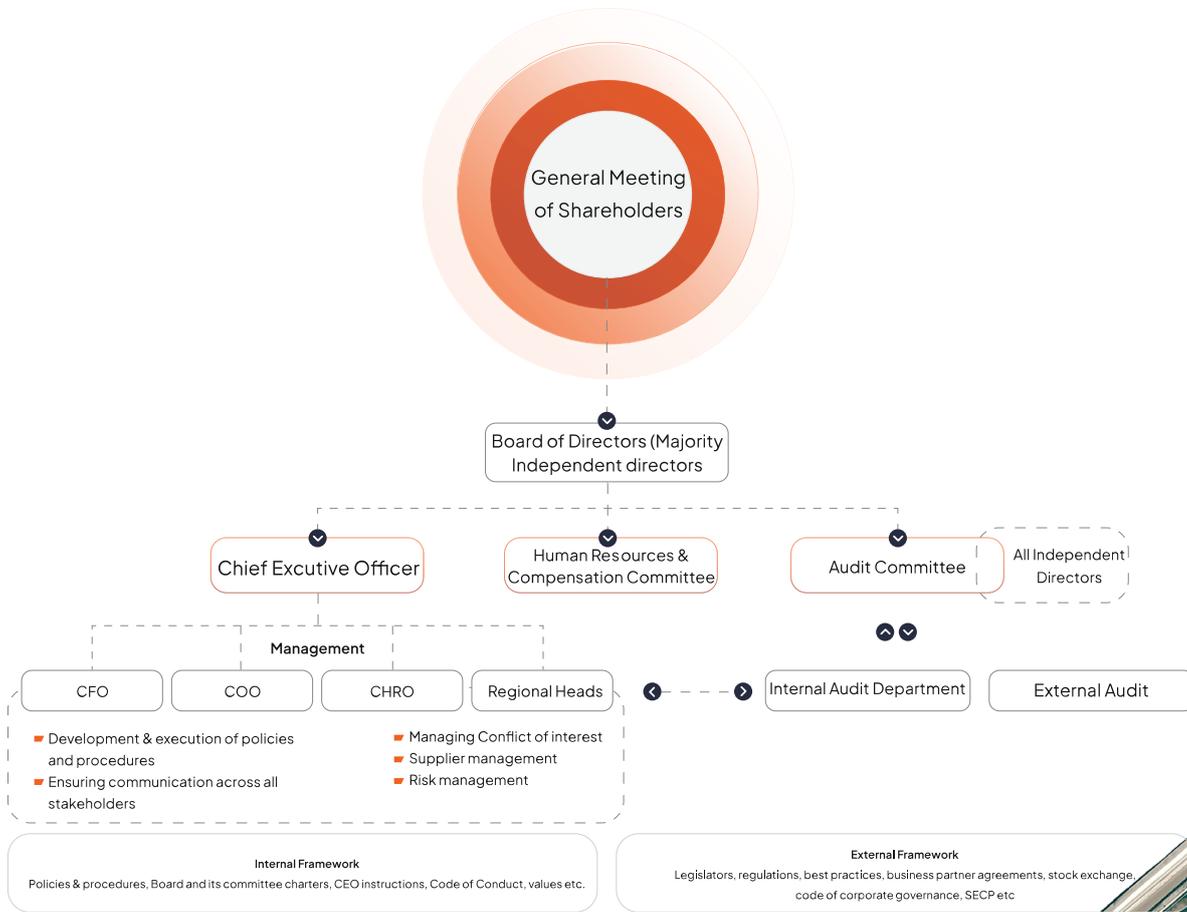
Be aware, Be alert, Be safe
Learn about investing at www.jamapunji.pk

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes

www.jamapunji.pk @jamapunji.pk

Code of Conduct Governance Structure



Annual evaluation of the board & committees

Board self-evaluation mechanisms facilitate the Board of Directors in evaluating and assessing its performance and ability to provide strategic leadership and oversight to the senior management of the Company. Accordingly, Questionnaires have been developed based on relevant criteria such as effectiveness, accountability, planning, leadership and strategy formulation by the Board and also its committees. Directors are asked to fill out these self-evaluation questionnaire which focuses on their participation and satisfaction with the different proceedings of the Board and their individual role as a member.

Equal treatment of shareholders

Systems limited provides every shareholder the right to attend or authorize to attend the AGM of the company.

Objective	Management response
Objective Shares and voting rights	Each shareholder or his/her authorized representative are authorized to attend AGMs and vote independently. Proxy forms are available on company's website as well as distributed with notice of AGM.
Notices of AGM	All notices of AGM are published in Urdu & English in newspaper and simultaneously uploaded on company's website 21 days prior to the AGM.
Commitment to minority shareholders	The company is committed to creating value for minority shareholders and acting in their best interests through consistent dividend payments, transparent reporting and strong corporate governance.
Investor relations	The company has maintained a dedicated investor relations email as per applicable laws and regulations and all investor matters are directly & promptly addressed via this email.

BOD's responsibilities

In 2023, Systems Limited BOD has actively complied with all the applicable laws and regulations to ensure value addition of the shareholders. Some key responsibilities of the Board are as follow:

- Monitoring the effectiveness of the company's governance practices and overall corporate strategy for the company is prepared, adopted and reviewed as and when deemed appropriate by the Board
- Monitoring the effectiveness of the company's governance practices and overall corporate strategy for the company is prepared, adopted and reviewed as and when deemed appropriate by the Board;
- adequate systems and controls are in place for identification and redressal of grievances arising from unethical practices;
- a system of sound internal control is established, which is effectively implemented and maintained at all levels within the company; and
- a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its committees.
- Ensuring that significant policies along with their dates of approval or updating is maintained by the company.

Audit committee responsibilities

In 2023, Systems Limited Audit Committee has actively supported the Board in all material aspects and has fulfilled its responsibilities as per the applicable laws and regulations. Some key responsibilities of the Audit Committee are as follows:

- Review of internal controls of the company to ensure safeguard the company's assets;
- Review of annual and interim financial statements of the company, prior to their approval by the Board facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary)
- Review of management letter issued by external auditors and management's response thereto;
- ensuring coordination between the internal and external auditors of the company;
- review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- monitoring compliance with these Regulations and identification of significant violations thereof;
- Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations.

Human resource & compensation committee

In 2023, Systems Limited Human Resource and Compensation Committee has actively supported the Board in carrying out its duties and responsibilities regarding the compensation of management and ensuring appropriate policies are in place. Some key responsibilities are as below:

- Recommendation to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management).
- recommending human resource management policies to the Board;
- recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of senior management
- consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer.



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SYSTEMS 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 Systems Limited for the year ended December 31, 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 December 31, 2023.

A handwritten signature in black ink, appearing to read 'A. F. Ferguson & Co.', written over a faint, larger version of the same text.

A. F. Ferguson & Co.
Chartered Accountants

Lahore

Date: 28 March 2024
UDIN: CR202310128yhBQ0r5sT

Statement of compliance with listed companies (code of corporate governance) regulations, 2019

Name of company: **Systems Limited**

Year ending : **December 31, 2023**

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

1. The total number of directors are seven (7) as per the following:

- a. Male: five (5)
- b. Female: two (2)

2. The composition of the Board is as follows:

- i. Independent Directors: Mr. Zubyr Soomro*
Mr. Omar Saeed
- ii. Female Independent Directors: Ms. Maheen Rahman**
Ms. Romana Abdullah
- iii. Other Non-executive Director: Mr. Aezaz Hussain (Chairman)
Mr. Arshad Masood
- iv. Executive Directors: Mr. Asif Peer

**Elected unopposed and replaced Mr. Syed Muhammad Shabbar Zaidi (Independent Director) as an Independent Director on the Board of Directors on 26th December 2023.*

***Elected unopposed and replaced Mr. Asif Jooma (Independent Director) as a Female Independent Director on the Board of Directors on 26th December 2023.*

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 have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. Seven Directors have either acquired the Directors' Training Program Certificates or are exempt from the requirements of Director's Training Program as per the Listed Companies (Code of Corporate Governance) Regulations, 2019.

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

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

12. The Board has formed committees comprising of members given below. -

a. Audit Committee:

i.	Mr. Syed Muhammad Shabbar Zaidi*	Chairman	(Independent Director)
ii.	Ms. Romana Abdullah	Member	(Independent Director)
iii.	Mr. Asif Jooma**	Member	(Independent Director)

**Retired from the Board of Directors on the 5th of December 2023 and subsequently replaced by Mr. Zubyr Soomro (Independent Director) as the Chairman of the Audit Committee on the 8th of January 2024.*

***Retired from the Board of Directors on the 5th of December 2023 and subsequently replaced by Ms. Maheen Rahman (Female Independent Director) as a Member of the Audit Committee on the 8th of January 2024.*

b. HR, Remuneration and Compensation Committee:

i.	Mr. Asif Jooma*	Chairman	(Independent Director)
ii.	Mr. Arshad Masood	Member	(Non-Executive Director)
iii.	Mr. Omar Saeed	Member	(Independent Director)
iv.	Ms. Romana Abdullah**	Member	(Independent Director)

**Retired from the Board of Directors on the 5th of December 2023 and subsequently replaced by Mr. Omar Saeed (Independent Director) as the Chairman of the HR, Remuneration and Compensation Committee on the 8th of January 2024.*

***Replaced by Ms. Maheen Rahman (Female Independent Director) as Member of the HR, Remuneration and Compensation Committee on the 8th of January 2024.*

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

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

a. Audit Committee:	Quarterly Meetings
b. HR, Remuneration and Compensation Committee:	2 Meetings in the 2nd quarter

15. The Board has outsourced the internal audit function to M/s. Uzair Hammad Faisal & Co. Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the 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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below :

Requirement	Explanation for Non-Compliance	Reg. No.
<p>Nomination Committee:</p> <p>The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.</p>	<p>Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.</p>	<p>29(1)</p>
<p>Risk Management:</p> <p>The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.</p>	<p>Currently, the board has not constituted a separate Risk Management Committee and the Company's Audit Committee performs the requisite functions and apprises the board accordingly.</p>	<p>30(1)</p>
<p>Executives training under DTP:</p> <p>Companies are encouraged to arrange training for at least one female executive and at least one head of department every year under the Directors' Training program.</p>	<p>During the current year, neither any female executive nor any head of department have completed training under Directors' Training Program. However, their trainings are planned in the ensuing year.</p>	<p>19(3)</p>



MR. AEZAZ HUSSAIN
Chairman

Systems Limited Standalone Financial Statements





INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYSTEMS LIMITED

Report on the audit of the unconsolidated financial statements

Opinion

We have audited the annexed unconsolidated financial statements of Systems Limited (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2023, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including material accounting policy information 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 unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 December 31, 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 unconsolidated 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 Matter

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

Following is the Key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1.	<p>Revenue recognition</p> <p>The Company's revenue is derived from multiple revenue streams, as referred to in Note 29 to the accompanying unconsolidated financial statements, including business processes outsourcing, IT services, software and hardware trading and software implementation. Each stream has its own revenue recognition policies based on the nature of revenue and underlying contractual arrangements as referred to in Note 4.8.</p> <p>We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company with multiple revenue streams, inherent risk of material misstatement and significant increase in revenue from last year.</p>	<p>Our audit procedures in relation to the matter, amongst others, included the following:</p> <ul style="list-style-type: none"> - Understood and evaluated the accounting policies with respect to revenue recognition; - Understood and evaluated management controls over revenue recognition; - Assessed the contracts on sample basis to identify distinct performance obligations; - Performed testing of sample of revenue transactions with underlying documentation including sales invoices and where relevant, underlying time costs, licensing agreements and other supporting documents; - Tested 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 correct period; - Agreed the revenue to related receipts on sample basis as evidence of collectability; and - Assessed the adequacy of disclosures made in the unconsolidated financial statements related to revenue.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss,

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

The engagement partner on the audit resulting in this independent auditor's report is Asad Aleem Mirza.



A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: 28th March, 2024
UDIN: AR202310128aAomOYGcj

Unconsolidated Statement of Financial Position

As at December 31, 2023

ASSETS	Note	2023 Rupees	2022 Rupees
Non-current assets			
Property and equipment	6	3,509,622,717	2,763,406,669
Intangibles	7	3,377,286	13,503,017
Long term investments	8	8,112,953,916	6,739,908,701
Right-of-use assets	9	510,157,034	512,738,929
Long term loans	10	528,345,079	298,036,906
Deferred employee benefits	11	182,065,727	86,938,319
Long term deposits	12	71,792,327	34,749,904
Deferred taxation - net	37	36,096,850	13,465,206
		12,954,410,936	10,462,747,651
Current assets			
Contract assets - unsecured	13	1,856,838,544	1,029,444,687
Trade debts - unsecured	14	16,198,145,227	8,818,580,572
Loans, advances and other receivables	15	2,164,085,964	976,727,988
Current portion of deferred employee benefits		67,157,471	29,892,702
Trade deposits and short term prepayments	16	356,576,667	327,193,963
Income tax refunds due from the government		115,592,551	172,923,163
Short term investments	17	1,159,419,112	4,430,978,169
Interest accrued	18	3,096,777	1,521,649
Cash and bank balances	19	1,441,973,473	588,569,946
		23,362,885,786	16,375,832,839
TOTAL ASSETS		36,317,296,722	26,838,580,490
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 400,000,000 (2022: 400,000,000) ordinary shares of Rs 10 each		4,000,000,000	4,000,000,000
Issued, subscribed and paid-up share capital	20	2,914,213,989	2,904,076,989
Capital reserves	21	5,411,992,547	4,994,930,422
Revenue reserve: Un-appropriated profit		19,387,321,138	12,283,429,147
		27,713,527,674	20,182,436,558
Non-current liabilities			
Long term advances	22	4,281,065	6,767,044
Long term loan - secured	23	-	-
Lease liabilities	24	449,798,210	454,684,688
		454,079,275	461,451,732
Current liabilities			
Trade and other payables	25	5,700,927,809	2,694,812,394
Unclaimed dividend		18,659,407	13,536,152
Contract liabilities	26	76,108,859	263,944,365
Short term borrowings - secured	27	2,119,000,000	3,050,000,000
Accrued mark-up on borrowings		96,093,532	82,126,318
Current portion of long term advances	22	8,395,243	3,234,396
Current portion of lease liabilities	24	130,504,923	87,038,575
		8,149,689,773	6,194,692,200
TOTAL EQUITY AND LIABILITIES		36,317,296,722	26,838,580,490
CONTINGENCIES AND COMMITMENTS	28		

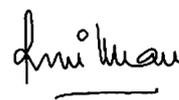
The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Unconsolidated Statement of Profit or Loss For the Year Ended December 31, 2023

	Note	2023 Rupees	2022 Rupees
Revenue from contracts with customers - net	29	32,037,995,164	20,644,764,716
Cost of revenue	30	(22,421,301,632)	(13,889,659,278)
Gross profit		9,616,693,532	6,755,105,438
Selling and distribution expenses	31	(392,255,261)	(270,588,626)
Administrative expenses	32	(2,085,697,629)	(1,520,716,072)
Impairment losses on financial assets	33	(33,473,891)	(2,497,969)
Other operating expenses	34	(8,561,586)	(89,326,377)
		(2,519,988,367)	(1,883,129,044)
Operating profit		7,096,705,165	4,871,976,394
Other income	35	2,645,199,791	1,977,050,375
Impairment loss on investment in associate	8.14	(68,953,239)	-
Finance costs	36	(664,179,989)	(224,538,852)
Profit before taxation		9,008,771,728	6,624,487,917
Taxation	37	(449,611,237)	(324,650,972)
Profit for the year		8,559,160,491	6,299,836,945
Earnings per share			
-Basic	40	29.41	22.44
-Diluted	40	29.22	22.29

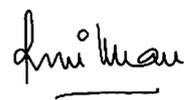
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Unconsolidated Statement of Comprehensive Income For the Year Ended December 31, 2023

	2023	2022
Profit for the year	Rupees 8,559,160,491	Rupees 6,299,836,945
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified subsequently to profit or loss	-	-
Total comprehensive income for the year	8,559,160,491	6,299,836,945

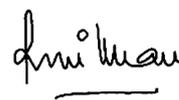
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Unconsolidated Statement of Changes in Equity

For the year Ended December 31, 2023

	Issued, subscribed and paid-up share capital	Capital reserves		Revenue reserve	Total equity
		Share premium	Employee compensation reserve	Un-appropriated profit	
Rupees					
Balance as at January 1, 2022	1,384,989,120	820,263,357	200,220,759	8,067,856,280	10,473,329,516
Profit for the year	-	-	-	6,299,836,945	6,299,836,945
Other comprehensive income	-	-	-	-	-
Transactions with owners					
Exercise of share options	9,036,869	60,604,582	(57,376,937)	-	12,264,514
Share based payments	-	-	213,626,091	-	213,626,091
Deferred tax on share based payments	-	-	(29,344,233)	-	(29,344,233)
Forfeited share options	-	-	(3,474,922)	3,474,922	-
100% Bonus shares issued	1,391,826,000	-	-	(1,391,826,000)	-
Issue of shares for acquisition of National Data Consultant (Private) Limited	118,225,000	3,790,411,725	-	-	3,908,636,725
Final dividend for the year ended December 31, 2021 at the rate of Rs 5 per share"	-	-	-	(695,913,000)	(695,913,000)
	1,519,087,869	3,851,016,307	123,429,999	(2,084,264,078)	3,409,270,097
Balance as at December 31, 2022	2,904,076,989	4,671,279,664	323,650,758	12,283,429,147	20,182,436,558
Profit for the year	-	-	-	8,559,160,491	8,559,160,491
Other comprehensive income	-	-	-	-	-
Transactions with owners					
Exercise of share options	10,137,000	233,196,703	(93,380,867)	-	149,952,836
Share based payments	-	-	386,906,936	-	386,906,936
Forfeited share options	-	-	(109,660,647)	-	(109,660,647)
Final dividend for the year ended December 31, 2022 at the rate of Rs 5 per share	-	-	-	(1,455,268,500)	(1,455,268,500)
	10,137,000	233,196,703	183,865,422	(1,455,268,500)	(1,028,069,375)
Balance as at December 31, 2023	2,914,213,989	4,904,476,367	507,516,180	19,387,321,138	27,713,527,674

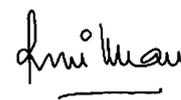
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Unconsolidated Statement of Cash Flows

For the Year Ended December 31, 2023

	Note	2023 Rupees	2022 Rupees
OPERATING ACTIVITIES			
Profit before taxation		9,008,771,728	6,624,487,917
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation on property and equipment	6.1.3	629,810,393	431,179,902
Depreciation on right-of-use assets	9.1	152,142,832	118,580,902
Amortization of intangibles	7.4	10,125,731	10,214,687
Amortization of deferred employee benefits	11	53,010,107	20,539,740
Gain on derecognition of lease	24.1	-	(13,873,401)
Loss on derivative financial instruments	34	-	87,966,377
Impairment loss on investment in associate	8.14	68,953,239	-
Share based payment expense		234,192,261	90,560,801
(Impairment losses) / Reversals of impairment losses on financial assets			
- contract assets - unsecured	33	3,984,527	(17,035,350)
- trade debts - unsecured	33	17,149,018	19,533,319
- others	33	12,340,346	-
Security deposits written off	34	171,033	1,360,000
Finance costs	36	664,179,989	224,538,852
Loss / (Gain) on investments classified as fair value through profit or loss	35.1	28,917,136	(47,000,841)
Exchange gain	35	(2,175,797,785)	(1,195,718,409)
Other Income (other than exchange gain and loss / (gain) on investments classified as fair value through profit or loss):			
- Profit on deposit accounts	35	(61,268,186)	(34,423,843)
- Profit on term deposit receipts and sukuks	35	(69,634,100)	(30,405,695)
- Dividend income on mutual funds	35.1	(220,627,522)	(492,377,873)
- Interest on loan to related parties	35	(52,168,947)	(12,108,728)
- Loss / (Gain) on disposal of property and equipment	34	79,231	(82,844,279)
- Liability written back	35	-	(27,983,317)
- Effect of discounting of long term loans	35	(82,935,220)	(33,789,390)
- Effect of discounting of long term security deposits	35	(3,139,937)	(1,630,628)
		(489,694,681)	(715,563,753)
		(790,515,854)	(984,717,174)
Working capital changes			
Long term deposits		(41,298,523)	99,568,664
Loans paid to employees - net		(416,428,262)	(318,691,959)
Contract Assets		(831,152,029)	(680,420,638)
Trade debts		(4,956,418,559)	(4,534,721,960)
Advances and other receivables		(1,128,357,259)	(135,281,621)
Trade deposits and short term prepayments		(29,553,737)	(79,965,143)
Trade and other payables		2,732,921,579	1,424,849,651
Contract Liabilities		(187,835,506)	(114,430,541)
		(4,858,122,296)	(4,339,093,547)
Cash generated from operations		3,360,133,578	1,300,677,196
Finance costs paid		(573,672,840)	(86,764,595)
Taxes paid		(414,912,269)	(185,641,196)
Long term advances		2,674,868	(12,788,941)
Net cash generated from operating activities		2,374,223,337	1,015,482,464
INVESTING ACTIVITIES			
Purchase of property and equipment		(1,404,399,019)	(1,375,655,848)
Sale proceeds from disposal of property and equipment		28,293,347	94,340,713
Short term investments - net		3,463,269,443	902,770,823
Increase in long term investment		(1,407,182,000)	(1,320,869,260)
Profit received on deposit accounts		61,268,186	34,406,491
Profit received on short term investments		68,058,972	31,034,229
Interest received on loan to subsidiaries and associated undertakings		52,168,947	40,897,999
Net cash generated from/(used in) investing activities		861,477,876	(1,593,074,853)
FINANCING ACTIVITIES			
Disbursements against short term borrowings		3,800,824,334	1,200,000,000
Repayment of short term borrowings		(4,731,824,334)	(900,000,000)

Cont.

Unconsolidated Statement of Cash Flows

For the Year Ended December 31, 2023

	Note	2023 Rupees	2022 Rupees
Repayment of long term loan		-	(79,477,093)
Proceeds from exercise of share options		158,192,836	64,954,935
Payments in respect of leases		(180,124,965)	(134,171,534)
Dividend paid		(1,450,145,245)	(691,603,092)
Net cash used in financing activities		(2,403,077,374)	(540,296,784)
Increase / (Decrease) in cash and cash equivalents		832,623,839	(1,117,889,173)
Net foreign exchange difference		20,779,688	53,845,273
Cash and cash equivalents at the beginning of the year		588,569,946	1,652,613,846
Cash and cash equivalents at the end of year	19	1,441,973,473	588,569,946

Refer note 23, 24 and 27 for reconciliation of liabilities arising from financing activities.

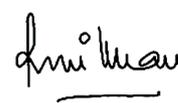
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Notes to the Unconsolidated Financial Statements For the Year Ended December 31, 2023

1. Corporate information

Systems Limited (“the Company”) is a public limited company incorporated in Pakistan under the Companies Act, 2017 and is listed on the Pakistan Stock Exchange. The Company is principally engaged in the business of software development, trading of software, hardware and business process outsourcing services. The registered office of the Company is situated at E-1, Sehjpal Road, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt.

These financial statements are the separate unconsolidated financial statements of the Company, in which investments in the subsidiary companies namely TechVista Systems FZ- LLC, Systems Ventures (Private) Limited, TechVista Information Technology W.L.L., Systems Arabia for Information Technology, SYS Egypt for Information Technology Services, SUS-JV (Private) Limited, National Data Consultant (Private) Limited, Systems Africa for Information Technologies Pty. Ltd. and Systems Holdings (Private) Limited and associated company namely E-Processing Systems B.V have been accounted for at cost less accumulated impairment losses, if any.

1.1 Geographical location and addresses of business units of the Company are as under:

Business Units	Geographical Location	Address
Head Office	Lahore	E-1, Sehjpal, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt
Regional Office	Karachi	Plot No. 11-B, Muhammad Ali housing Society, Fatima Jinnah Road, Karachi
BPO Office	Karachi	Plot No. ST-2 & 3, Block-E, Sir Shah Muhammad Suleman Road, Gulshan-e-Iqbal, Block-14, Karachi
Regional Office	Islamabad	Plot No. 21, 1st Floor Fazeelat Arcade, Sector G-11 Markaz, Islamabad
Regional Office	Islamabad	Amazon Mall, 7th Floor, NH 5, Sector A DHA Phase II. Islamabad
Regional Office	Multan	Plot No. 842/23 near Northern Bypass Chowk, Bosan Road, Multan
Regional Office	Faisalabad	Old Ehsan Yousaf Building, East Canal Road, near Jahal Khanuwana, Faisalabad
BPO Office	Lahore	Commercial building Plaza No 1, Block -CCA, Phase 8C, DHA Lahore Cantt

2. Basis of Preparation

2.1 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 comprise of:

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act) ; and
- Provisions of and directives issued under the Act.

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

2.2 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the Company's unconsolidated financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments and interpretations to existing standards that are effective in current year

There are certain amendments to the accounting and reporting standards which became applicable to the Company on January 1, 2023. However, these amendments do not have any significant impact on the Company's financial statements.

In addition to the above, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2 'Making Materiality Judgements') from January 1, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that users need to understand other information in the unconsolidated financial statements.

2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 01, 2024 or later periods, but the Company has not early adopted them:

Standards or Interpretation	Effective date Accounting periods beginning on or after:
Amendments to IFRS 16, 'Leases' related to sale and lease back after the date of transaction	January 01, 2024
Amendments to IAS 1, 'Presentation of financial statements' related to non current liabilities with covenants	January 01, 2024
Amendments to IAS 7, 'Statement of Cash Flows', IFRS 7, 'Financial Instruments: Disclosures' on changes regarding supplier finance arrangements	January 01, 2024
Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' related to lack of exchangeability	January 01, 2025
IFRS 17, 'Insurance Contracts'	January 01, 2026

2.2.3 The management anticipates that the adoption of above standards, interpretations and amendments in future periods will have no material impact on the unconsolidated financial statements other than in presentation / disclosures.

3 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except, as otherwise stated in these unconsolidated financial statements.

3.1 Functional and presentation currency

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. These unconsolidated financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3.2 Use of estimates and judgements

The Company's material accounting policies are stated in Note 4. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these unconsolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where

assumptions and estimates are material to the unconsolidated financial statements are as follows:

3.2.1 Provision for taxation (Notes 4.1 and 37)

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature are in accordance with law, the amounts are shown as contingent liabilities.

3.2.2 Useful lives and residual values of property and equipment and intangibles (Notes 4.2 and 6)

The Company reviews the useful lives and residual values of property and equipment and intangibles at each reporting date. Any change in estimates in future years might affect the carrying amounts of respective items of property and equipment and intangible with a corresponding effect on the depreciation / amortization charge and impairment.

3.2.3 Expected credit losses (Notes 4.5.1 and 41.3.1)

The Company uses a provision matrix to calculate Expected Credit Losses (ECLs) for trade debts and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, and customer type).

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information which includes forecast economic conditions. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. For financial institutions with available credit ratings, provision is calculated on the basis of the available rating. For certain related parties for which provision matrix may not be considered suitable based on management's judgement, expected credit loss is recognized on the basis of their ability to pay or present value of projected cashflows based on a probability weighted estimate.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future.

3.2.4 Revenue recognition (Notes 4.8 and 29)

3.2.4.1 Identification of distinct performance obligations

For contracts with multiple components to be delivered, the Company applies judgement to determine performance obligations which are distinct; or not distinct, which are aggregated with other performance obligations until a bundle is identified that is distinct.

3.2.4.2 Estimating stand-alone selling prices of performance obligations

The Company determines stand-alone selling prices of all performance obligations in a bundled contract, which include sale of license, implementation, support, warranty and training.

3.2.4.3 Stage of completion

In cases where performance obligation is satisfied over time, the Company determines stage of completion on the basis of cost incurred to date as a percentage of total estimated cost to deliver the performance obligations.

3.2.5 Determining the lease term of contracts with renewal options (Notes 4.9 and 24)

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 has the option, under some of its leases to lease the assets for an additional term. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew i.e. it considers all relevant factors that create an economic incentive for it to exercise the renewal.

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).

3.2.6 Provisions and contingencies (Notes 4.10, 25 and 28)

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

3.2.7 Share based payment (Notes 4.11.2 and 21)

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Company measures the fair value of equity-settled transactions with employees at the grant date using a Black Scholes Model. The assumptions used for estimating fair value for share-based payment transactions are disclosed in Note 21.2.5.

3.2.8 Impairment assessment of long term investments (Notes 4.3 and 8)

The carrying amounts of long term investments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the investment's recoverable amount is estimated. The recoverable amount of an investment is the greater of its value in use or its fair value less costs to sell. Where the fair value less costs of disposal cannot be determined, the recoverable amount is determined by estimating the asset's value in use.

4 Material accounting policy information

The material accounting policies set out below have been applied consistently to all periods presented in these unconsolidated financial statements.

4.1 Taxation

4.1.1 Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed or changes in laws made during the year for such years.

4.1.2 Deferred

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 unconsolidated statement of profit or loss and the unconsolidated statement of other comprehensive income, except in the case of items credited or charged to equity in which case it is included in equity.

The carrying amount of deferred tax assets is reviewed at unconsolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of deferred tax asset to be utilized.

4.1.3 Sales tax

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

- When the sales tax incurred on 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 unconsolidated statement of financial position.

4.2 Property and equipment

4.2.1 Operating fixed assets

Property and equipment are stated at cost less accumulated depreciation and any recognised impairment loss except for freehold land which is stated at cost less any recognized impairment loss. Cost of operating fixed assets consist of purchase cost, borrowing cost pertaining to construction period and other directly attributable cost of bringing the asset to working condition. Subsequent costs are included in the assets carrying amount or recognized as 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 repair and maintenance costs are charged to unconsolidated statement of profit or loss during the period in which they are incurred.

Depreciation on operating fixed assets is charged to unconsolidated statement of profit or loss by applying the straight line method on pro rata basis so as to write off the depreciable amount of the assets over their estimated useful lives at the rates given in Note 6.1. Depreciation charge commences from the month in which the asset is available for use and continues until the month of disposal.

The asset's residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its operating fixed assets as at December 31, 2023 has not required any adjustment as its impact is considered insignificant.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Profit or loss on disposal of operating fixed assets represented by the difference between the sale proceeds and the carrying amount of the asset is included in the unconsolidated statement of profit or loss.

4.2.2 Capital work-in-progress

Capital work in progress represents expenditure on property and equipment which are in the course of construction and installation and advances given for purchase of property and equipment. Transfers are made to relevant property and equipment category as and when assets are available for use.

Capital work-in-progress is stated at cost less any identified impairment loss.

4.3 Investments

The management determines the classification of its investments at the time of purchase depending on the Company's business model for managing the financial assets and their contractual cash flow characteristics. Investments intended to be held for less than twelve months from the unconsolidated statement of financial position date or to be sold to raise operating capital are included in current assets as explained in note 4.7. All other investments are classified as non-current assets.

4.3.1 Investments in equity instruments of subsidiaries and associates

Investments in subsidiaries and associates where the Company has significant influence are measured at cost in the Company's separate financial statements in accordance with IAS-27 'Consolidated and separate financial statements'. However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in the unconsolidated statement of profit or loss. Cost in relation to investments made in foreign

currency is determined by translating the consideration paid in foreign currency into Pak Rupees at exchange rate prevailing on the date of transaction.

4.4 Cash and cash equivalents

Cash and cash equivalents are stated in the unconsolidated statement of financial position at amortized cost. For the purpose of the unconsolidated statement of cash flows, cash and cash equivalents comprise of cash in hand, cheques / demand draft in hand and deposits in the bank.

4.5 Trade debts

Trade debts from customers are stated at amortized cost less expected credit losses.

4.5.1 Expected credit losses

Expected credit losses are calculated as a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Company in accordance with the contract and cash flows that the Company expects to receive). (Refer to note 4.7.4 for detailed policy for impairment of financial assets).

4.6 Trade and other payables

Liabilities for trade and other payable are recognized initially at their fair value less transaction costs and subsequently measured at amortized cost.

4.7 Financial instruments - Initial recognition and subsequent measurement

4.7.1 Initial recognition

Regular way purchase and sale of financial assets and financial liabilities is accounted for at the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

4.7.2 Classification

4.7.2.1 Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive Income ("FVTOCI"), or
- at amortized cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

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

By default, all other financial assets are subsequently measured at FVTPL.

4.7.2.2 Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

4.7.3 Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income.

ii) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus transaction costs, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the unconsolidated statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the unconsolidated statement of profit or loss in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

4.7.4 Impairment of financial assets

The Company recognizes loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortized cost at an amount equal to life time ECLs except for the following, which are measured at 12 month ECLs:

- bank balances for which credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased since inception.
- other short term loans and receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade debts are always measured at an amount equal to life time ECLs. Life time ECLs are the ECLs that result from all possible defaults events over the expected life of a financial instrument. 12 month ECLs are portion of ECLs that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Company in accordance with the contract and cash flows that the Company expects to receive).

The Company considers that a financial asset is in default when contractual payments are 360 days past due except for trade debts from related parties for which default is evaluated on case to case basis. The definition is based on the Company's internal credit risk management policy. Financial assets are written off when there is no reasonable expectation of recovery. The Company categorizes a financial asset for write off when a counter party fails to make contractual payments for more than 360 days past due except for trade debts from related parties for which write off is evaluated on case to case basis

4.7.5 Derecognition

i) Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in unconsolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to unconsolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to equity.

ii) Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the unconsolidated statement of profit or loss and other comprehensive income.

4.7.6 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the unconsolidated statement of financial position if the Company has legally enforceable right to offset the recognized amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

4.8 Revenue recognition

Revenue recognized in any period is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. For contracts with multiple components to be delivered, management applies judgement to consider whether those promised goods or services are: (i) distinct – to be accounted for as separate performance obligations; (ii) not distinct – to be combined with other promised goods or services until a bundle is identified that is distinct; or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception the total transaction price is estimated, which is allocated to the identified performance obligations in proportion to their relative standalone selling prices and revenue is recognized when (or as) those performance obligations are satisfied.

For each performance obligation, the Company determines if revenue will be recognized over time or at a point in time. Where the Company recognizes revenue over time this is due to any of the following reasons: (i) the Company performing and the customer simultaneously receiving and consuming the benefits provided over the life of the contract, (ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (iii) the Company's performance creates an asset with no alternative use, and the Company has an enforceable right to payment for performance completed to date.

For each performance obligation to be recognized over time, the Company applies a revenue recognition method that faithfully depicts the Company's performance in transferring control of the goods or services to the customer. The Company applies the relevant input method consistently to similar performance obligations as it faithfully depicts actual efforts made by the Company to satisfy performance obligations and to transfer services to end customer. Moreover, information required for input method can be measured reliably. If performance obligations in a contract do not meet the over time criteria, the Company recognizes revenue at a point in time when obligations under the terms of the contract with

the customer are satisfied.

Changes in estimates of measures of progress of performance obligations satisfied over time are recognized on a cumulative catch-up basis, which recognizes in the current period the cumulative effect of any changes on current and prior periods based on a performance obligation's percentage of completion.

For each of its contracts, the Company considers whether it is a principal or an agent 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 (including discretion in establishing the price) before transferring them to the customer.

The Company disaggregates revenue from contracts with customers by contract type, geographical markets and timing of revenue recognition, as management believes this best depicts how the nature, amount, timing and uncertainty of the Company's revenue and cash flows are affected by economic factors. The revenue recognition policy relevant to each contract type is as below:

4.8.1 Outsourcing services

Outsourcing services include business process outsourcing services and IT services. Revenue is recognized under each category as below:

a) BPO services

The performance obligation of the Company is to perform the various business activities outsourced by the customers. Revenue is recognized over time on the basis of activities performed, as the customer simultaneously receives and consumes the benefits provided by the Company's performance.

b) IT services

The performance obligation of the Company is to make available the resources to perform various IT services as per the requirement of the customer. Resource efforts are controlled by the customer and revenue is recognized over time on the basis of hours of resources made available to the customer, as the customer simultaneously receives and consumes the benefits provided by the Company's performance.

4.8.2 Hardware trading

Hardware trading represents the sale of hardware. Revenue is recognized at the point in time when obligations under the terms of the contract with the customer are satisfied; generally this occurs when the hardware is delivered to the customer.

4.8.3 Software trading and implementation

For software trading where no implementation is involved, revenue is recognized at the point in time when the software is delivered to the customer.

For contracts that involve both trading of software license and its implementation, the Company makes judgments in determining whether the software implementation and software license are distinct and thus separate performance obligations or part of the bundle and thus a single performance obligation depending upon the level of customization involved and other key factors surrounding each contract. Where software license and implementation are considered distinct and separate performance obligations, the trading license revenue is recognized at the point in time while the revenue relating to implementation is recorded over time during the implementation period. Where software license and implementation are considered a single performance obligation, the revenue relating to both trading license and implementation is recorded over time during the implementation period. Implementation generally comprise of customization of existing technology, development and integration of tech platforms and enabling digital transformation of companies through specific technologies.

The company uses input method for measuring percentage of completion (PoC) by taking into account the cost incurred to date as a percentage of total budgeted cost.

The Company has assessed that maintenance and support is a performance obligation that can be considered capable of being distinct and separately identifiable in a contract. These recurring services are substantially the same as the nature of the promise is for the Company to 'stand ready' to perform

maintenance and support when required by the customer. Time-based measure of progress is used for such services since it best reflects the Company's efforts in satisfying the performance obligation.

4.8.4 Contract assets

A contract asset is initially recognized for revenue earned because the receipt of consideration is conditional on successful completion of the milestones as per contract. Upon completion of the milestone and acceptance by the customer, the amount recognized as contract assets is reclassified to trade debts.

4.8.5 Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the related goods or services are transferred. Contract liabilities are recognized as revenue as and when performance obligations are satisfied under the contract.

4.9 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company has elected to apply the practical expedient for not recognizing right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight line basis over the lease term.

Extension and termination options are included in a number of leases. These are used to maximize operational flexibility in terms of managing the assets used in the Company's operations. The majority of termination options held are exercisable only by the Company and not by the respective lessor while the extension options are generally exercisable with the mutual consent of both the Company and the lessor.

4.9.1 Right-of-use assets

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

4.9.2 Lease liabilities

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

Lease payments include fixed payments, variable lease payment that are based on an index or a rate

amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is re-measured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in unconsolidated statement of profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

4.10 Provisions and contingencies

Provisions are recognized in the unconsolidated statement of financial position when the Company has a present legal or constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect 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.

4.11 Staff benefits

The Company has the following plans for its employees:

4.11.1 Provident fund

The Company operates a funded recognized provident fund contribution plan which covers all permanent employees. Equal contributions are made on monthly basis both by the Company and the employees at the rate of 10% of basic salary.

4.11.2 Employees' share option scheme

The Company operates an equity settled share based Employees Stock Option Scheme. The Human Resource & Compensation Committee of the Board of Directors of the Company evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a price determined on the date of grant of options.

At the grant date of share options to the employees, the Company initially recognizes employee compensation expense with corresponding credit to equity as employee compensation reserve at the fair value of option at the grant date. The fair value of options determined at the grant date is recognized as an employee compensation expense on a straight line basis over the vesting period. Fair value of options is arrived at using Black Scholes pricing model.

When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

4.11.3 Interest free loans to employees

The Company provides interest free loans to its employees for purchase of vehicles and other purposes. The loans are initially recognized at fair value which is the present value of future deductions to be made from employees' salaries, discounted at the market interest rate. The difference between fair value of the interest free loan and principal amount at initial recognition is recorded as a deferred employee benefit. The loan is subsequently measured at amortized cost with respective finance income to be recorded in the unconsolidated statement of profit or loss. In addition, the deferred employee benefit is amortized equally over the life of the loan and the amortization is recorded in the unconsolidated statement of profit or loss.

4.12 Earnings per share

The Company presents 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 determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5 Summary of other Accounting Policies

Other than material accounting policies applied in the preparation of these unconsolidated financial statements are set out below for ease of user's understanding of these financial statements. These policies have been applied consistently for all periods presented, unless otherwise stated.

5.1 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Company undertakes its activities under joint operations, the Company as a joint operator recognizes in relation to its interest in a joint operation:

- a) Its assets, including its share of any assets held jointly;
- b) Its liabilities, including its share of any liabilities incurred jointly;
- c) Its revenue from the sale of its share of the output arising from the joint operation;
- d) Its share of the revenue from the sale of the output by the joint operation; and
- e) Its expenses, including its share of any expenses incurred jointly

The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. When Company transacts with a joint operation in which a Company is a joint operator, the Company is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Company's unconsolidated financial statements only to the extent of other parties' interests in the joint operation. When Company transacts with a joint operation in which Company is a joint operator, the Company does not recognize its share of the gains and losses until it resells those assets to a third party.

The Company has interest in joint operation UUS Joint Venture (Private) Limited, a Company set up specifically for executing multi-year contract "Package 04A – Airport Information Management System (AIMS)", a turnkey project for New Islamabad International Airport by Pakistan Civil Aviation Authority.

5.2 Intangibles

Intangible assets acquired from the market are carried at cost less accumulated amortization and any accumulated impairment losses.

Expenditure on research (or the research phase of an internal project) is recognized as an expense in the period in which it is incurred;

Development costs incurred on specific projects are capitalized when all the following conditions are satisfied:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale.
- The Company intends to complete the intangible asset and use or sell it.
- The Company has the ability to use or sell the intangible asset.
- Intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The Company's ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by the

management. Development costs not meeting the criteria for capitalization are expensed as incurred.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using straight line method at the rate given in Note 7.1. Full month amortization is charged in month of acquisition and no amortization is charged in month of disposal.

5.3 Impairment of non-financial assets

The carrying amounts of non-financial assets other than deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in unconsolidated statement of profit or loss.

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.4 Foreign currency transactions

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange prevailing at the reporting date. Transactions during the year are converted into Pak Rupees at the exchange rate prevailing at the date of such transaction. All exchange differences are charged to unconsolidated statement of profit or loss.

5.5 Advances and deposits

Advances are recognized at the fair value of considerations given. Trade deposits with no fixed repayment date are measured at cost being amount paid on initial recognition. Fair value of these deposits is not considered to be materially different from cost.

5.6 Other income

Profit on deposit accounts and gain on short term investments and other income is recognized using effective interest rate.

Gains / (losses) arising on revaluation of securities classified as fair value through profit or loss are included in the unconsolidated statement of profit or loss in the period in which they arise.

5.7 Finance costs

Finance cost is charged to unconsolidated statement of profit or loss in the year in which it is incurred.

5.8 Dividends and appropriation reserves

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

6 Property and equipment

	Note	2023	2022
Operating fixed assets	(6.1)	3,509,622,717	2,519,968,031
Capital work in progress	(6.2)	-	243,438,638
		3,509,622,717	2,763,406,669

6.1 Operating fixed assets

	Land - freehold	Building on freehold land	Computers	Computer equipment and installations	Other equipment and installations	Generators and transformer	Furniture and fittings	Vehicles	Office equipment	Leasehold Building - Improvements	Total
Rupees											
At December 31, 2023											
Cost	592,234,914	735,539,850	2,014,109,464	700,349,225	375,838,660	161,481,340	353,628,046	140,134,740	54,833,136	235,286,422	5,363,435,797
Accumulated Depreciation	-	(86,437,850)	(932,104,006)	(281,922,583)	(177,664,252)	(59,395,347)	(107,367,684)	(85,063,040)	(31,700,747)	(92,157,571)	(1,853,813,080)
Net book value	592,234,914	649,102,000	1,082,005,458	418,426,642	198,174,408	102,085,993	246,260,362	55,071,700	23,132,389	143,128,851	3,509,622,717
For the year ended December 31, 2023											
Opening net book value	592,234,914	505,698,559	656,392,278	167,862,017	142,235,493	91,585,179	147,176,905	60,166,761	23,597,134	133,018,791	2,519,968,031
Additions (at cost)	-	160,120,890	750,001,007	406,294,033	110,163,624	24,723,737	122,579,968	18,080,710	4,218,725	51,654,963	1,647,837,657
Disposal	-	-	(22,563,393)	(2,131,461)	(2,687,040)	-	(311,877)	(657,582)	(21,225)	-	(28,372,578)
Depreciation	-	(16,717,449)	(301,824,434)	(153,597,947)	(51,537,669)	(14,222,923)	(23,184,634)	(22,518,189)	(4,662,245)	(41,544,903)	(629,810,393)
Closing net book value	592,234,914	649,102,000	1,082,005,458	418,426,642	198,174,408	102,085,993	246,260,362	55,071,700	23,132,389	143,128,851	3,509,622,717
Rate of depreciation (%)	-	2.5	33	33	20	10	10	20	10	10-33	
At December 31, 2022											
Cost	592,234,914	575,418,959	1,302,295,043	300,907,749	272,820,578	136,757,604	231,743,754	125,640,878	50,650,709	183,631,460	3,772,101,648
Accumulated Depreciation	-	(69,720,400)	(645,902,765)	(133,045,732)	(130,585,085)	(45,172,425)	(84,566,849)	(65,474,117)	(27,053,575)	(50,612,669)	(1,252,133,617)
Net book value	592,234,914	505,698,559	656,392,278	167,862,017	142,235,493	91,585,179	147,176,905	60,166,761	23,597,134	133,018,791	2,519,968,031
For the year ended December 31, 2022											
Opening net book value	394,038,279	520,764,464	480,572,479	81,965,464	65,419,282	67,751,563	73,786,755	220,984,297	22,865,600	55,829,981	1,983,978,164
Additions (at cost)	198,196,635	3,497,401	433,077,128	142,980,116	121,515,708	36,222,623	92,229,569	15,982,920	5,070,017	106,258,035	1,155,030,152
Disposal	-	(4,214,000)	(30,875,633)	(1,414,854)	(708,741)	-	(3,203,485)	(147,416,196)	(27,474)	-	(187,860,383)
Depreciation	-	(14,349,306)	(226,381,696)	(55,668,709)	(43,990,756)	(12,389,007)	(15,635,934)	(29,384,260)	(4,311,009)	(29,069,225)	(431,179,902)
Closing net book value	592,234,914	505,698,559	656,392,278	167,862,017	142,235,493	91,585,179	147,176,905	60,166,761	23,597,134	133,018,791	2,519,968,031
Rate of depreciation (%)	-	2.5	33	33	20	10	10	20	10	10-27	

6.1.1 The cost of operating fixed assets includes assets amounting to Rs 571.90 million (2022: Rs 478.07 million) with nil book value.

6.1.2 Immovable fixed assets include free-hold land and building situated at E-1, Sehjpal, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt. Total area of land is 21.42 kanals (2022: 21.42 kanals).

6.1.3 Depreciation charge for the year has been allocated as follows:

	Note	2023	2022
Cost of revenue	(30)	535,740,287	366,777,759
Selling and distribution expenses	(31)	7,270,621	3,655,531
Administrative expenses	(32)	86,799,485	60,746,612
		629,810,393	431,179,902

6.1.4 Disposal of property and equipment

Details of disposed assets which had a net book value of Rs 500,000 or more, are as follows:

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyer
Rupees							
Laptop - Apple Macbook Pro	682,500	145,981	536,519	536,519	-	Company Policy	Techvista Systems FZLLC - Subsidiary
Laptop - Apple Macbook Pro	682,500	92,897	589,603	589,603	-	Company Policy	Techvista Systems FZLLC - Subsidiary
HVAC System	2,338,133	1,754,886	583,247	64,300	(518,947)	Scrap Sale	Amir Pasha - Third Party
Honda Civic	3,586,850	2,929,268	657,582	4,400,000	3,742,418	Insurance claim	IGI General Insurance Limited - Third Party
Aggregate of items of property and equipment with individual net book value below Rs 500,000	49,214,418	23,208,791	26,005,627	22,702,925	(3,302,702)		
2023	56,504,401	28,131,823	28,372,578	28,293,347	(79,231)		

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyer
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Rupees							
Vehicles				Employees			
Honda Civic	2,914,948	(1,922,698)	992,250	2,204,750	1,212,500	Company Policy	Usman Mughal
Honda Civic	3,134,310	(2,120,367)	1,013,943	2,896,980	1,883,037	Company Policy	Usman Ahmad
Honda City	1,703,000	(936,632)	766,368	1,703,040	936,672	Company Policy	Saad Hasan Aslam
Honda Civic	2,722,000	(2,029,404)	692,596	2,700,000	2,007,404	Company Policy	Khurram Safdar
Honda Civic	2,829,160	(2,263,339)	565,821	2,829,160	2,263,339	Company Policy	Muhammad Amin
Honda City	1,823,985	(1,094,289)	729,696	1,824,240	1,094,544	Company Policy	Kashif Latif
Honda City	1,784,160	(1,213,161)	570,999	1,713,000	1,142,001	Company Policy	Ali Asjad Waheed
Toyota Corolla	1,833,310	(1,283,312)	549,998	1,732,980	1,182,982	Company Policy	Muh. Salman Arshad
Honda Brv	1,797,702	(1,198,476)	599,226	1,732,980	1,133,754	Company Policy	Khurram Saleem
Toyota Corolla	2,506,000	(1,712,443)	793,557	1,525,560	732,003	Company Policy	Farrukh Riyadh Ahmed
Honda Civic	2,739,240	(1,871,814)	867,426	2,653,020	1,785,594	Company Policy	Faisal Tajammal
Honda City	1,813,000	(1,206,457)	606,543	1,732,980	1,126,437	Company Policy	Imran Khan
Suzuki Swift	1,450,900	(918,272)	532,628	1,412,880	880,252	Company Policy	Faisal Ahmed
Honda Civic	2,992,640	(2,344,223)	648,417	2,992,640	2,344,223	Company Policy	Muh. Mushtaq Patni
Honda Civic	2,758,450	(1,773,224)	985,226	2,686,980	1,701,754	Company Policy	Khurram Fuad Khatlani
Honda City	1,786,860	(1,035,136)	751,724	1,804,140	1,052,416	Company Policy	Muh. Sohail Ahmed
Honda City	1,786,860	(977,610)	809,250	1,867,500	1,058,250	Company Policy	Adeel Ahmed Naseem
Toyota Corolla	1,924,000	(1,122,343)	801,657	1,924,020	1,122,363	Company Policy	Salman Malik
Toyota Corolla	3,334,100	(1,944,882)	1,389,218	3,334,100	1,944,882	Company Policy	Salman Wajid Mian
Toyota Corolla	1,844,000	(1,010,258)	833,742	1,924,020	1,090,278	Company Policy	Imran Suleman Khan
Toyota Corolla	2,227,100	(1,262,014)	965,086	1,924,020	958,934	Company Policy	Zunair Haseeb Khan
Honda City	1,803,000	(767,941)	1,035,059	2,003,340	968,281	Company Policy	Muh. Fahar Nouman
Honda City	1,924,000	(1,058,191)	865,809	1,924,020	1,058,211	Company Policy	Muh. Raheel Siddiqui
Toyota Corolla	2,144,756	(1,261,175)	883,581	1,924,020	1,040,439	Company Policy	Salman Amin Bhatti
Toyota Corolla	2,010,110	(1,139,067)	871,043	1,924,020	1,052,977	Company Policy	Abdul Ghaffar
Toyota Corolla	2,108,249	(1,184,840)	923,409	1,250,613	327,204	Company Policy	Omar Arif
Toyota Corolla	2,420,170	(1,210,080)	1,210,090	2,314,980	1,104,890	Company Policy	Hafiz Muh. Altaf
Honda Brv	1,924,377	(1,314,993)	609,384	901,500	292,116	Company Policy	Aamir Fahaad
Honda City	1,839,810	(1,134,564)	705,246	1,794,000	1,088,754	Company Policy	Muh. Umer
Honda City	2,262,665	(1,470,730)	791,935	1,251,778	459,843	Company Policy	Muh. Tanveer Musawar Alam
Suzuki Swift	1,651,000	(990,609)	660,391	1,650,120	989,729	Company Policy	Shahzad Tariq
Toyota Corolla	1,915,050	(1,212,881)	702,169	1,865,280	1,163,111	Company Policy	Karamat Ali
Honda Civic	4,021,180	(2,077,619)	1,943,561	3,972,000	2,028,439	Company Policy	Habib Ahmad
Toyota Corolla	2,335,290	(1,120,451)	1,214,839	2,513,460	1,298,621	Company Policy	Muh. Talha Mashkoor
Honda Civic	3,504,000	(1,810,400)	1,693,600	3,565,168	1,871,568	Company Policy	Abid Hanif
Toyota Corolla	2,023,098	(1,037,002)	986,096	1,606,450	620,354	Company Policy	Moh. Wasif Sheikh
Toyota Corolla	2,586,150	(1,666,002)	920,148	2,586,150	1,666,002	Company Policy	Pool Services
Honda City	2,376,930	(1,545,023)	831,907	2,436,840	1,604,933	Company Policy	Tauqeer Ahmed
Honda City	2,376,930	(1,223,965)	1,152,965	2,314,980	1,162,015	Company Policy	Usman Ur Rehman Ahmed
Honda Civic	3,627,180	(1,874,043)	1,753,137	3,505,020	1,751,883	Company Policy	Hammad Karamat Dar
Honda Civic	3,793,080	(1,732,345)	2,060,735	3,505,020	1,444,285	Company Policy	Ali Jawad Khalid
Toyota Corolla	2,420,170	(1,055,367)	1,364,803	2,315,040	950,237	Company Policy	Chaudary Mohsin Akram
Honda City	2,391,400	(993,203)	1,398,197	2,326,980	928,783	Company Policy	Muh. Raza Sufyan Khan
Toyota Corolla	2,402,140	(999,123)	1,403,017	2,335,020	932,003	Company Policy	Muh. Akram
Toyota Corolla	2,407,530	(959,482)	1,448,048	2,335,020	886,972	Company Policy	Muh. Salman Iqbal
Honda Civic	2,612,900	(866,218)	1,746,682	2,335,020	588,338	Company Policy	Ahsan Naseer
Honda City	2,406,730	(792,789)	1,613,941	2,335,020	721,079	Company Policy	Javeria Fahad
Honda City	2,405,730	(782,277)	1,623,453	2,335,020	711,567	Company Policy	Muzahir Ahmad
Kia Sportage	2,410,730	(773,647)	1,637,083	2,335,020	697,937	Company Policy	Faiz Muhammad
Honda City	2,425,590	(767,784)	1,657,806	2,396,995	739,189	Company Policy	Muh. Shariq
Honda City	2,548,058	(805,902)	1,742,156	2,476,980	734,824	Company Policy	Qurat Ul Ain
Toyota Corolla	1,587,250	(500,349)	1,086,901	1,549,020	462,119	Company Policy	Faraz Javed
Toyota Corolla	2,923,000	(876,886)	2,046,114	2,923,020	876,906	Company Policy	Ibrar Ahmad
Honda City	2,429,314	(724,016)	1,705,298	2,267,760	562,462	Company Policy	Noman Ikram
Suzuki Cultus	1,828,880	(487,378)	1,341,502	1,780,020	438,518	Company Policy	Saqib Amin
Toyota Yaris	2,912,190	(776,227)	2,135,963	2,843,020	707,057	Company Policy	Fareed Kamran
Toyota Corolla	2,622,190	(698,095)	1,924,095	2,497,980	573,885	Company Policy	Muh. Mateen Sajjad Dar
Honda Civic	3,941,500	(983,188)	2,958,312	3,735,000	776,688	Company Policy	Naveed Ali Tahir

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyer
Vehicles			Rupees				Employees
Kia Sportage	2,573,500	(621,996)	1,951,504	2,545,440	593,936	Company Policy	Nawaz Sarwar
Toyota Yaris	2,576,790	(558,977)	2,017,813	2,503,020	485,207	Company Policy	Tahir Idrees
Toyota Yaris	2,552,963	(553,137)	1,999,826	2,467,020	467,194	Company Policy	Muh. Faraz Baig
Toyota Yaris	2,620,100	(567,684)	2,052,416	2,547,000	494,584	Company Policy	Hamad Ur Rehman
Honda City	2,524,730	(545,865)	1,978,865	2,455,020	476,155	Company Policy	Nadeem Pathan
Toyota Yaris	3,086,000	(463,458)	2,622,542	3,004,980	382,438	Company Policy	Ashar Badar
Toyota Yaris	2,552,000	(467,049)	2,084,951	2,467,020	382,069	Company Policy	Imtiaz Ahmed
Toyota Yaris	2,606,290	(867,924)	1,738,366	2,606,290	867,924	Company Policy	Ali motors
Toyota Yaris	2,538,300	(467,905)	2,070,395	2,467,020	396,625	Company Policy	Hammad Zafar Malik
Toyota Corolla	2,936,790	(541,367)	2,395,423	2,863,020	467,597	Company Policy	Shoaib Ali
Honda Brv	2,564,000	(429,085)	2,134,915	2,467,020	332,105	Company Policy	Rizwan Hussain
Toyota Corolla	2,515,000	(420,889)	2,094,111	2,455,020	360,909	Company Policy	Muh. Awais
Kia Sportage	3,348,865	(560,435)	2,788,430	3,225,000	436,570	Company Policy	Arsalan Rashid
Honda Civic	2,519,912	(463,708)	2,056,204	2,464,980	408,776	Company Policy	Eraj Mehmood
Toyota Yaris	2,542,750	(383,731)	2,159,019	2,467,020	308,001	Company Policy	Wasim Ahmed
Kia Picanto	2,092,500	(315,787)	1,776,713	2,053,980	277,267	Company Policy	Asif Aziz Bilgrami
Honda Civic	2,515,000	(419,452)	2,095,548	2,455,020	359,472	Company Policy	Mujahid Naseer
Toyota Aqaa	3,457,800	(518,010)	2,939,790	3,343,980	404,190	Company Policy	Saad Usmani
Toyota Yaris	2,515,000	(336,827)	2,178,173	2,455,020	276,847	Company Policy	Hasan Waleed Majal
Toyota Yaris	2,533,000	(338,129)	2,194,871	2,467,020	272,149	Company Policy	Zuhair Mamoon Mirza
Toyota Yaris	2,538,000	(338,800)	2,199,200	2,467,020	267,820	Company Policy	Muh. Junaid
Honda Civic	3,487,000	(465,025)	3,021,975	3,369,000	347,025	Company Policy	Abdullah Tayyab Farooqi
Kia Sportage	2,515,000	(335,822)	2,179,178	2,455,020	275,842	Company Policy	Muh. Shahid Aziz
Toyota Corolla	2,515,000	(335,822)	2,179,178	2,455,020	275,842	Company Policy	Waqar Ahmed Sher
Kia Sportage	2,517,000	(295,720)	2,221,280	2,457,000	235,720		Umair Amir Mian
Toyota Yaris	2,430,290	(281,738)	2,148,552	2,373,186	224,634		Imran Javed Zia
Honda Civic	2,530,000	(294,725)	2,235,275	2,455,020	219,745		Syed Rizwan Hussain Agha
Toyota Corolla	2,542,700	(252,317)	2,290,383	2,455,020	164,637		Nayyar Mashkoor Siddiqui
Toyota Corolla	2,420,000	(162,328)	2,257,672	2,344,980	87,308		Gibran Akram
Honda City	2,444,000	(122,423)	2,321,577	2,367,000	45,423		Anas Saghir
Kia Sportage	5,687,000	-	5,687,000	5,687,000	-		Habib Ahmad
Honda City	3,050,000	-	3,050,000	3,050,000	-		Muh> Khalid Ameer
Honda City	2,460,000	-	2,460,000	2,460,000	-		Atif Faraz
Aggregate of items of property and equipment with individual book value below Rs 500,000	80,193,501	(37,028,109)	43,165,392	51,479,822	8,314,430		
Year ended							
December 31, 2022	309,528,833	(121,668,450)	187,860,383	270,704,662	82,844,279		

6.2 Capital work in progress

	Note	2023	2022
Civil work	(6.2.1)	-	161,020,955
Advance against purchase of property and equipment	(6.2.2)	-	82,417,683
			243,438,638

6.2.1 The following is the movement in civil work during the year:

	2023	2022
Balance at the beginning of the year	161,020,955	22,812,942
Additions during the year	115,360,238	244,466,048
Transfer to operating fixed assets	(276,381,193)	(106,258,035)
Balance at the end of the year	-	161,020,955

6.2.2 This represented the ongoing civil work in various offices of the Company and advance given against purchase of property and equipment.

7. Intangibles

	2023	2022
Cost	193,385,241	193,385,241
Accumulated amortization	(190,007,955)	(179,882,224)
Net book value	(7.1) 3,377,286	13,503,017

7.1 The reconciliation of net book value is as follows:

		2023	2022
Opening net book value		13,503,017	23,717,704
Amortization charge	(7.4)	(10,125,731)	(10,214,687)
Closing net book value		3,377,286	13,503,017
Amortization rate % per annum		33	33

7.2 Intangible assets represent computer software licenses acquired having a finite useful life.

7.3 The cost of the intangibles includes assets amounting to Rs 163.01 million (2022: Rs 163.01 million) with nil book value.

7.4 Amortization charge for the year has been allocated as follows:

	Note	2023	2022
Cost of revenue	(30)	9,144,659	9,040,897
Selling and distribution expenses	(31)	88,053	79,799
Administrative expenses	(32)	893,019	1,093,991
		10,125,731	10,214,687

8. Long term investments

Investment In subsidiaries - unquoted

	Note	2023	2022
TechVista Systems FZ- LLC	(8.2)	343,119,550	343,119,550
Systems Ventures (Private) Limited	(8.3)	721,100,000	721,100,000
TechVista Information Technology W.LL	(8.4)	144,568,884	144,568,884
Systems Arabia for Information Technology	(8.5)	-	-
SYS Egypt for Information Technology Services	(8.6)	113,125,000	113,125,000
Systems Africa for Information Technologies (Pty.) Ltd.	(8.7)	-	-
National Data Consultant (Private) Limited	(8.8)	4,254,636,725	4,254,636,725
SUS-JV (Private) Limited	(8.9)	94,990	94,990
Systems Holdings (Private) Limited	(8.10)	-	-
		5,576,645,149	576,645,149
Advance against issuance of shares	(8.11)	2,225,191,000	818,009,000
Share options issued to employees of subsidiaries	(8.12)	105,174,753	70,360,725
Subscription money payable	(8.13)	4,396,026	4,393,600
		7,911,406,928	6,469,408,474
Investment In associate - unquoted			
E-Processing Systems B.V.	(8.14)	201,546,988	270,500,227
		8,112,953,916	6,739,908,701

8.1 The shareholders of the Company and Systems Ventures (Private) Limited ("SVPL") in their extra ordinary general meetings held on September 18, 2023 approved a Scheme of Compromises, Arrangement and Reconstruction (the 'Scheme'). As required under the Companies Act 2017, the Scheme was submitted with the Honorable Lahore High Court (the "Court") for their approval and sanction of the Scheme. Consequently, the Court through its Order dated December 20, 2023, sanctioned the Scheme. The scheme stipulates the separation of ownership interests in TechVista Systems FZ- LLC, Systems Africa for Information Technologies (Pty.) Ltd., SYS Egypt for Information Technology Services and Systems Arabia for Information Technology (the 'Transferred Assets') from the Company and the merger, amalgamation and transfer to, and vesting in SVPL of the same. SVPL may at its discretion hold the Transferred Assets directly or through any nominee being its wholly owned subsidiary. SVPL shall allot and issue 66,860,284 fully paid up ordinary shares of Rs 10 each to the Company for the transferred assets. These unconsolidated financial statements do not include the impact of the Scheme as the Company is in the process of obtaining approvals of the change of shareholding from the respective corporate regulators as of the reporting date.

8.2 This represents 7,400 fully paid ordinary shares of AED 1,000/- each, representing 100% (2022: 7,400 fully paid ordinary shares of AED 1,000/- each, representing 100%) shares in the Company's subsidiary, TechVista Systems FZ- LLC, a company set up in Dubai Technology and Media Free Zone Authority engaged in providing a host of services including enterprise application integration and software development.

8.3 This represents 72,100,000 fully paid ordinary shares of Rs 10/- each, representing 100% (2022: 72,100,000 fully paid shares of Rs. 10/- each, representing 100%) share in Company's subsidiary, Systems Ventures (Private) Limited, a company set up in Pakistan to invest in new ventures, start ups and incubate new ideas.

8.4 Techvista Information Technology W.L.L. ('TVSQ') is a limited liability company incorporated in the State of Qatar. The Company owns 34% (2022: 34%) share capital in TVSQ. Pursuant to the agreement entered with the remaining shareholders of TVSQ on February 27, 2022, the Company has obtained all control and management of TVSQ.

8.5 This represents 2,500 ordinary shares of SAR 10/- each, representing 100% (2022: 2,500 ordinary shares of SAR 10/- each, representing 100%) shares in Company's subsidiary, Systems Arabia for Information Technology, a company setup in Saudi Arabia for providing IT related services. As of reporting date, no payment has been made against its share capital.

8.6 This represents 5,000 ordinary shares of USD 100/- each, representing 100% (2022: 5,000 ordinary shares of USD 100/- each, representing 100%) shares in the Company's subsidiary, SYS Egypt for Information Technology Services, a limited liability company incorporated in the Arab Republic of Egypt on May 29, 2022, for the purpose of sale of software services and trading software licenses in the Middle East and North Africa region.

8.7 This represents 100 ordinary shares of South African Rand 1/- each, representing 100% (2022: 100 ordinary shares of South African Rand 1/- each, representing 100%) shares in the Company's subsidiary, Systems Africa for Information Technologies (Pty.) Ltd., a limited liability company incorporated in the Republic of South Africa on July 28, 2022, for the purpose of sale of software services and trading software licenses in the region. As of reporting date, no payment has been made against its share capital.

8.8 This represents 500,000 fully paid ordinary shares of Rs 10/- each, representing 100% (2022: 500,000 fully paid ordinary shares of Rs 10/- each, representing 100%) shares in the Company's subsidiary, National Data Consultant (Private) Limited, which were acquired by the Company on July 05, 2022 through the share purchase agreement. NdcTech is a company setup in Pakistan engaged in core and digital banking implementation services, having rich clients in Pakistan, Middle East, Africa and Asia Pacific region.

8.9 This represents 9,499 full paid ordinary shares of Rs 10/- each, representing 94.99% (2022: 9,499 full paid ordinary shares of Rs 10/- each, representing 94.99%) shares in Company's subsidiary, SUS JV (Private) Limited, a company set up in Pakistan for the Balochistan Land Revenue Management Information System project. The project is related to digitization of land records and development of a web-based management information system.

8.10 This represents 100 ordinary shares of Rs. 10/- each, representing 100% (2022: Nil) shares in the Company's subsidiary, Systems Holdings (Private) Limited, a limited liability company incorporated in Pakistan on April 14, 2023, for the purpose of establishing and running data processing centers, computer centers, software development centers and to provide consultancy and data processing software development services. As of reporting date, no payment has been made against its share capital.

		2023	2022
		Rupees	
8.11	"This represents the advances provided to following entities against issuance of shares:"		
	To subsidiaries		
	- Systems Ventures (Private) Limited	(8.11.1) & (8.11.2) (8.11.1) 2,225,191,000	-
	- Systems International IT Pte. Ltd.	-	818,009,000
		2,225,191,000	818,009,000

8.11.1 Systems International IT Pte. Ltd. is a limited liability company incorporated in the Republic of Singapore, for the purpose of sale of software services and trading software licenses in the Asia Pacific region. The company was a wholly owned subsidiary of Systems Limited, incorporated on May 11, 2022. This represented an advance of USD 3.7 million amounting to Rs 818.09 million against which 5,002,890 shares had been issued on January 19, 2023 in the name of Systems Limited.

However, on April 25 2023, the Company entered into an arrangement with its wholly owned subsidiary; Systems Ventures (Private) Limited 'SVPL' for transfer of 5,002,890 shares of Systems International IT Pte Ltd to SVPL. Thereafter, Systems International IT Pte. Ltd. is a wholly owned subsidiary of SVPL whereas the Company continues to be the ultimate parent company. The Company is to receive shares of equivalent value of its cost of investment in Systems International IT Pte. Ltd. from SVPL.

8.11.2 This includes an amount of USD 4.9 million, amounting to Rs 1,407.18 million, (December 31, 2022: Nil) paid to Systems International IT Pte. Ltd. on behalf of SVPL. The Company is to receive shares from SVPL of equivalent value of its payment to Systems International IT Pte. Ltd.

8.12 This represents the share options issued to employees of the following subsidiaries:

	2023	2022
		Rupees
- Tech Vista Systems FZ-LLC	67,433,233	49,503,566
- TechVista Information Technology W.L.L.	1,297,730	148,588
- Systems Arabia for Information Technology	15,077,525	5,116,706
- National Data Consultant (Private) Limited	16,948,850	15,591,865
- SYS Egypt for Information Technology Services	723,277	-
- Systems APAC for Info Tech PTE Ltd	2,247,585	-
- Systems Africa for Information Technologies (Pty.) Ltd.	1,446,553	-
	105,174,753	70,360,725

8.13 This represents subscription money payable in respect of the following subsidiaries:

	2023	2022
		Rupees
- Systems Arabia for Information Technology	1,099,000	1,099,000
- TechVista Information Technology W.L.L.	3,294,600	3,294,600
- Systems Holdings (Private) Limited	1,000	-
- Systems Africa for Information Technologies (Pty.) Ltd.	1,426	-
	4,396,026	4,393,600

8.14 Investment in associate - unquoted

	Note	2023	2022
E-Processing Systems B.V.			Rupees
Cost of investment	(8.14.1)	270,500,227	270,500,227
Accumulated impairment loss	(8.14.2)	(68,953,239)	-
		201,546,988	270,500,227

8.14.1 This represents 179,507 fully paid ordinary shares at USD 0.01/- each representing 30.9% shares (2022: 179,507 fully paid ordinary shares at USD 0.01/- each representing 44.60% shares) in E-Processing Systems B.V ('EPBV'), a company setup in Netherlands. During the year, due to conversion of preference shares to ordinary shares pertaining to Melinda & Gates Foundation in EPBV., the shareholding of Systems Limited has been diluted and the revised shareholding is 30.90%.

8.14.2 An impairment test has been carried out for EPBV by the management during the year due to the impairment indicators of decrease in the economic performance of EPBV and significant change in the economic conditions.

The Company reviewed the carrying amount of its investment in equity instruments of EPBV and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. The recoverable amount of investment in EPBV has been determined based on 'value in use' of E-Processing Systems Pakistan (Pvt) Limited, the only wholly owned subsidiary of EPBV. Since, EPBV does not have its own business operations, the assessment of value in use of E-Processing Systems Pakistan serves as a reflection of EPBV's value. The 'value in use' has been worked out by the management using income approach.

As the recoverable amount of the investment worked out is lower than its carrying value, therefore, an impairment loss has been recognized in these unconsolidated financial statements. The recoverable amount of the investment was determined to be lower than its carrying amount by Rs 384.13 per share and the carrying amount was accordingly reduced by Rs 68.95 million which has been recognised as an expense.

9. Right-Of-Use Assets

	Note	2023	2022
			Rupees
Cost		771,367,927	621,806,990
Accumulated depreciation		(261,210,893)	(109,068,061)
Net book value	(9.1)	510,157,034	512,738,929

9.1 These represent buildings on lease. The reconciliation of net book value is as follows:

Opening net book value		512,738,929	288,981,476
Additions		149,560,937	387,482,975
Depreciation for the year	(9.2)	(152,142,832)	(118,580,902)
Derecognition		-	(45,144,620)
Closing net book value		510,157,034	512,738,929
Rate of depreciation (%)		10-25	10-25

9.2 The depreciation charge for the year on right-of-use assets has been allocated as follows:

	Note	2023	2022
			Rupees
Cost of revenue	(30)	126,263,225	96,730,120
Selling and distribution expenses	(31)	748,991	627,154
Administrative expenses	(32)	25,130,616	21,223,628
		152,142,832	118,580,902

10. Long term loans

Considered good - secured

Due from executives	(10.1)	528,345,079	298,036,906
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10.1 Due from executives

	Note			2023	2022
		Motor Vehicle	Other loans	Rupees	
				Total	Total
As at 01 January		366,422,329	31,728,419	398,150,748	36,796,454
Loans disbursed during the year					
Undiscounted amount paid		683,648,159	73,309,000	756,957,159	565,669,865
Deferred employee benefits	(11)	(205,209,862)	(11,122,985)	(216,332,847)	(126,682,244)
		478,438,297	62,186,015	540,624,312	438,987,621
Loans settled during the year		(106,454,793)	(5,587,980)	(112,042,773)	(22,160,270)
Unwinding of discount	(35)	75,219,404	7,715,816	82,935,220	33,789,390
Repayments		(167,655,927)	(29,899,634)	(197,555,561)	(89,262,447)
		645,969,310	66,142,636	712,111,946	398,150,748
Receivable within one year	(15)	(138,797,966)	(44,968,901)	(183,766,867)	(100,113,842)
		507,171,344	21,173,735	528,345,079	298,036,906

10.2 These interest free loans are repayable between 18 to 60 (2022: 18 to 60) months and are granted to the executives of the Company, in accordance with their terms of employment. These are secured against post dated cheques. These loans were initially recognized at fair value using effective interest rates ranging from 9.54% to 17.51% (2022: 9.54% to 14.37%). The difference between cash paid and present value of cash inflows upon initial recognition has been recognized as deferred employee benefits which is amortized on a straight line basis over the period of the loan.

11. Deferred employee benefits

	Note	2023	2022
As at 01 January		116,831,021	13,234,193
Additions during the year	(10.1)	216,332,847	126,682,244
Settlements during the year		(30,930,563)	(2,545,676)
Amortization during the year		(53,010,107)	(20,539,740)
		249,223,198	116,831,021
Current portion of deferred employee benefits		(67,157,471)	(29,892,702)
		182,065,727	86,938,319

12 Long term deposits

	Note	2023	2022
Lease buildings			
Opening balance		19,349,849	5,708,578
Additions:			
Undiscounted amount paid		8,764,470	22,386,180
Effect of discounting		(4,344,121)	(10,375,537)
Fair vale of additions		4,420,349	12,010,643
Unwinding of discount	(35)	3,139,937	1,630,628
Closing Balance		26,910,135	19,349,849
Others			
Utilities and other deposits		44,882,192	15,400,055
		71,792,327	34,749,904

13 Contract assets - unsecured

	Note	2023	2022
Unbilled revenue	(13.1)	1,801,921,973	965,690,635
Retention money		54,916,571	63,754,052
		1,856,838,544	1,029,444,687

13.1 Unbilled revenue

	Note	2023	2022
Export		536,976,626	116,001,995
Local		1,274,126,981	854,885,747
		1,811,103,607	970,887,742
Less: Allowance for ECL	(13.1.2)	(9,181,634)	(5,197,107)
	(13.1.3)	1,801,921,973	965,690,635

13.1.1 The maximum aggregate amount outstanding for these related parties by reference to month-end balances was as follows:

	Note	2023	2022
Visionet Systems Incorporation - USA		-	3,636,213
TechVista Information Technology W.L.L.		-	1,208,705
Systems Arabia for Information Technology		-	46,574,470

13.1.2 Allowance for ECL

	2023	2022
As at January 01	5,197,107	22,232,457
Expense / (Reversal) for the year - net	3,984,527	(17,035,350)
Closing balance	9,181,634	5,197,107

13.1.3 These represent unbilled debtors arising due to recognition of revenue as per IFRS 15 - Revenue from Contracts with Customers.

14. TRADE DEBTS - UNSECURED

	Note	2023	2022
Export	(14.1)	14,248,389,307	7,317,008,915
Local		2,176,592,717	1,734,547,353
		16,424,982,024	9,051,556,268
Less: Allowance for ECL	(14.3)	(226,836,797)	(232,975,696)
		16,198,145,227	8,818,580,572

14.1 These include unsecured receivables from related parties against export of outsourcing services. As per contracts with related parties, billing terms range from monthly to quarterly basis and payment is generally due within 120 days from the date of billing. The receivables from related parties include past due balances which are not considered impaired. Detail of related party balances along with aging analysis of the amounts is as follows:

	2023						Total
	Not Past Due	Past due 0-90 days	Past due 91-180 days	Past due 181-270 days	Past due 271-360 days	Past due 361 days and above	
National Data Consultancy FZE	611,453,442	352,338,515	307,355,233	-	-	-	1,271,147,190
Systems Africa for Information Technologies	38,439,651	44,948,193	32,452,263	964,541	-	-	116,804,648
Systems APAC Pte. Ltd	245,621,931	89,339,324	14,795,870	-	-	-	349,757,125
Systems Arabia for Information Technology	651,985,605	319,551,973	295,063,851	21,999,370	-	758,437	1,289,359,236
Systems Australia for Information Technology PTY LTD.	16,155,437	-	-	-	-	-	16,155,437
TechVista Information Technology W.L.L.	230,697,389	157,933,198	134,134,469	162,700,713	122,109,198	546,040,126	1,353,615,093
TechVista Systems FZ-LLC - UAE	2,097,185,074	1,440,422,991	1,155,734,692	671,217,346	-	-	5,364,560,103
TreeHouse Consultancy LLC	678,193	2,754,161	6,258,388	127,213,492	32,594,380	14,530,368	184,028,982
AtClose LLC	107,503,341	14,109,226	-	-	-	-	121,612,567
PartnerLinQ Incorporation	308,546,855	-	-	-	-	-	308,546,855
Visionet Canada Incorporation	3,159,546	4,099,773	-	-	-	-	7,259,319
Visionet EMEA Limited	313,981,548	76,115,373	-	789,782	-	-	390,886,703
Visionet Systems Incorporation - USA	2,651,891,528	-	-	-	-	-	2,651,891,528
	7,277,299,540	2,501,612,727	1,945,794,766	984,885,244	154,703,578	561,328,931	13,425,624,786

2022

Rupees

	Not Past Due	Past due 0-90 days	Past due 91-180 days	Past due 181-270 days	Past due 271-360 days	Past due 361 days and above	Total
Visionet Systems Incorporation - USA	1,452,415,040	746,587,938	-	-	-	-	2,199,002,978
TechVista Systems FZ-LLC - UAE	1,441,699,927	932,181,344	487,226,765	-	-	-	2,861,108,036
Visionet Deutschland GmbH	133,336,741	84,789,297	-	15,642,639	-	-	233,768,677
Visionet EMEA Limited	176,057,768	147,491,997	86,982,675	1,229,315	16,918,245	-	428,680,000
TechVista Information Technology W.L.L.	109,655,872	140,369,101	95,306,538	97,204,636	64,295,941	237,224,129	744,056,217
Systems Arabia for Information Technology	121,761,687	28,402,872	45,514,496	3,855,484	-	-	199,534,539
TreeHouse Consultancy LLC	90,944,664	24,805,711	-	-	-	-	115,750,375
	3,525,871,699	2,104,628,260	715,030,474	117,932,074	81,214,186	237,224,129	6,781,900,822

14.2 The maximum aggregate amount outstanding for these related parties by reference to month-end balances was as follows:

	Note	2023	2022
			Rupees
Visionet Systems Incorporation - USA		4,232,760,216	2,692,127,293
Visionet Deutschland GmbH		445,948,684	465,287,639
Visionet EMEA Limited		916,984,802	504,899,105
AtClose LLC		121,612,567	-
PartnerLinQ Incorporation		308,546,855	-
Visionet Canada Incorporation		7,259,319	-
Systems APAC Pte. Ltd		349,757,125	-
Systems Africa for Information Technologies		116,804,648	-
Systems Australia for Information Technology PTY LTD.		30,125,747	-
National Data Consultancy FZE		1,271,147,190	-
TechVista Systems FZ-LLC		5,864,044,470	2,861,108,036
TechVista Information Technology W.L.L.		1,373,296,227	744,056,217
Systems Arabia for Information Technology		1,289,359,236	199,534,539
TreeHouse Consultancy LLC		198,782,976	142,824,582

14.3 Allowance for ECL

As at January 01		232,975,696	281,990,664
Expense for the year		17,149,018	19,533,319
Balances written off during the year		(23,287,917)	(68,548,287)
Closing balance	(14.3.1)	226,836,797	232,975,696

14.3.1 These include allowance for ECLs against receivables from related party, TechVista Information Technology (Qatar) amounting to Rs 99.18 million (2022: Rs 64.35 million).

15. Loans, advances and other receivables

	Note	2023	2022
			Rupees
Current maturity of long term loans	(10.1)	183,766,867	100,113,842
Advances to staff against:			
salary	(15.1)	84,633,006	31,982,440
expenses		82,572,410	46,386,643
		167,205,416	78,369,083
Advances to suppliers - against goods and services		120,427,859	24,641,341
		471,400,142	203,124,266
Loans to related parties		700,342,015	672,422,733
Elimination on account of Joint Operation	(15.2)	(460,513,074)	(396,457,056)
	(15.3)	239,828,941	275,965,677
Other receivables:			
National Data Consultant (Private) Limited		983,407,109	141,207,446
National Data Consultancy FZE		17,014,631	-
Systems Ventures (Private) Limited		1,937,631	11,134,544
Systems Africa for Information Technologies Pty. Ltd.		11,579,703	4,199,349
Systems APAC for Information Technology Pte. Ltd.		34,024,749	1,344,694
Systems Arabia for Information Technology		340,090,892	133,528,490
SYS Egypt for Information Technology Services		2,729,767	1,074,482
Visionet Deutschland GmbH		23,200,784	27,650,651
Visionet EMEA Limited		2,513,354	8,362,255
TechVista Information Technology W.L.L.		-	26,879,590

	Note	2023	2022
Tech Vista Systems FZ-LLC		-	21,885,253
Systems Australia for Information Technology Pty. Limited		35,438,819	-
Systems International IT Pte. Ltd.		919,442	-
Systems Limited Employees' Provident Fund		-	120,371,291
	(15.4)	1,452,856,881	497,638,045
		2,164,085,964	976,727,988

15.1 This included advance given to the chief operating officer of the Company amounting to Rs 4.6 million (2022: Rs 3.30 million).

15.2 This represents loan provided to UUS Joint Venture (Private) Limited for meeting working capital requirements. This amount is unsecured and carries interest at one-year KIBOR (2022: one-year KIBOR) on the outstanding loan balance at the end of each month.

15.3 This includes loans provided to the following related parties:

	Note	2023	2022
E-Processing Systems (Private) Limited	(15.3.1)	236,257,805	265,510,608
SUS JV (Private) Limited	(15.3.2)	3,571,136	10,455,069
		239,828,941	275,965,677

15.3.1 This represents loan provided to E-Processing Systems (Private) Limited for meeting working capital requirements of Rs 248.59 million netted of by expected credit loss of Rs 12.34 million (2022: Nil). The loan is unsecured and carries mark-up at one-month KIBOR (2022: one-month KIBOR) on the outstanding loan balance. Disbursements of principal are payable within one year and mark-up is payable on quarterly basis.

15.3.2 This represented loan provided to SUS JV (Private) Limited for meeting working capital requirements. The loan was unsecured and carried mark-up at one-month KIBOR (2022: one-month KIBOR) on the outstanding loan balance. Disbursements of principal were payable within one year and mark-up was payable on quarterly basis.

15.3.3 The maximum aggregate amount outstanding by reference to month-end balances was as follows:

	2023	2022
E-Processing Systems (Private) Limited	273,955,878	296,147,291
SUS JV (Private) Limited	16,459,772	11,834,894

15.4 These represent other receivables from related parties against expenses incurred on behalf of them. These are in the ordinary course of business and carry no interest.

15.4.1 The maximum aggregate amount outstanding by reference to month-end balances was as follows:

	2023	2022
National Data Consultant (Private) Limited	1,040,227,040	141,207,446
Systems Ventures (Private) Limited	12,604,862	11,134,544
Systems Africa for Information Technologies Pty. Ltd.	11,579,703	4,199,349
Systems APAC for Information Technology Pte. Ltd.	34,024,749	2,178,333
Systems Arabia for Information Technology	340,090,892	158,252,034
SYS Egypt for Information Technology Services	2,729,767	62,338,919
Visionet Deutschland GmbH	51,252,587	27,650,651
Visionet EMEA Limited	13,743,205	8,362,255
National Data Consultancy FZE	17,014,631	-
Systems International IT Pte. Ltd.	1,320,087	-
Visionet Systems Incorporation	-	44,226,240
Systems Australia for Information Technology Pty. Limited	35,438,819	21,885,253
TechVista Information Technology W.L.L.	33,325,866	27,134,659
Systems Limited Employees' Provident Fund	-	120,371,291

16 Trade deposits and short term prepayments

Security deposits	(16.1)	122,623,177	185,333,236
Prepayments		233,953,490	141,860,727
		356,576,667	327,193,963

16.1 This included cash margin withheld by MCB Bank Limited against export refinance facility amounting to Nil (2022: Rs 70 million) and cash margin withheld by Habib Metropolitan Bank against import of hardware amounting to Nil (2022: Rs 1.37 million).

17 Short term investments

		2023	2022
Fair value through profit or loss			Rupees
- Mutual fund units	(17.1)	877,419,112	4,253,978,169
Amortized cost			
- Term deposit receipts (TDRs)	(17.2)	282,000,000	177,000,000
		1,159,419,112	4,430,978,169

17.1 The details of investments in mutual funds are as follows:

UBL Al-Ameen Asset Islamic Allocation Fund			
Number of units: Nil (2022: 1,022)		-	131,669
Meezan Paidar Munafa Plan			
Number of units: Nil (2022: 20,000,000)		-	1,042,420,000
UBL Al-Ameen Islamic Cash Plan-I			
Number of units: Nil (2022: 3,037,639)		-	303,886,879
HBL Islamic Money Market Fund			
Number of units: 1,238,042 (2022: 9,279,971)		125,258,150	938,895,542
Lakson Islamic Money Market Fund			
Number of units: Nil (2022: 1,986,784)		-	200,677,493
Meezan Balanced Fund			
Number of units: Nil (2022: 4,758)		-	76,060
Meezan Islamic Income Fund			
Number of units: Nil (2022: 786)		-	43,119
Meezan Rozana Amdani Fund			
Number of units: Nil (2022: 6,073,817)		-	303,690,833
NBP Islamic Daily Dividend Fund			
Number of units: Nil (2022: 30,532,917)		-	305,329,170
MCB Al-hamra Islamic Money Market Fund			
Number of units: Nil (2022: 4,908,477)		-	488,442,573
ABL Islamic Cash Fund			
Number of units: 25,071,041 (2022: 30,394,123)		250,710,420	303,729,530
ABL Islamic Income Fund			
Number of units: 665 (2022: 35,828)		7,490	385,685
Faysal Islamic Cash Fund			
Number of units: 2,503,467 (2022: 624,913)		250,346,747	62,491,304
Alfalah Islamic Rozana Amdani Fund Class A			
Number of units: 2,510,963 (2022: 3,038,805)		251,096,305	303,774,456
UBL Al-Ameen Islamic Cash Fund			
Number of units: Nil (2022: 33)		-	3,856
		877,419,112	4,253,978,169

17.2 The details of investments in TDRs are as follows:

		2023	2022
Habib Metropolitan Bank Limited		255,000,000	150,000,000
Habib Bank Limited		27,000,000	27,000,000
	(17.2.1) & (17.2.2)	282,000,000	177,000,000

17.2.1 These TDRs are pledged against export re-finance facility availed from Habib Metropolitan Bank Limited and Habib Bank Limited.

17.2.2 These carry markup at rates ranging from 15.40% to 19.50% (2022: 7.50% to 15.40%) per annum and have maturities of 30–90 days from the date of initial recognition.

18 Interest accrued

	2023	2022
Term deposit receipts (TDRs)	3,077,414	1,502,286
Saving accounts	19,363	19,363
	3,096,777	1,521,649

19 Cash and bank balances

	Note	2023	2022
Cash in hand		175,643	358,525
Cheques in hand		134,644,245	12,000,000
		134,819,888	12,358,525
Balances with banks:			
Local currency:			
Current accounts		240,483,300	232,479,687
Saving accounts	(19.1)	895,008,939	234,830,734
Foreign currency:			
current accounts		171,661,346	108,901,000
		1,441,973,473	588,569,946

19.1 These carry markup at the rate of 6.88% to 20.51% (2022: 3.5% to 14.5%) per annum.

20 Issued, subscribed and paid-up share capital

2023	2022		2023	2022
116,732,576	115,718,876	Ordinary shares of Rs 10/- each fully paid in cash	1,167,325,759	1,157,188,759
162,866,323	162,866,323	Ordinary shares of Rs 10/- each fully paid up as bonus shares	1,628,663,230	1,628,663,230
11,822,500	11,822,500	Ordinary shares of Rs 10/- each issued for consideration otherwise than cash	118,225,000	118,225,000
291,421,399	290,407,699		2,914,213,989	2,904,076,989

20.1 Reconciliation of ordinary shares

2023	2022		2023	2022
290,407,699	138,498,912	Balance at January 01	2,904,076,989	1,384,989,120
-	139,182,600	Bonus shares issued	-	1,391,826,000
1,013,700	903,687	Stock options exercised	10,137,000	9,036,869
-	11,822,500	Shares issued for acquisition of National Data Consultant (Private) Limited	-	118,225,000
291,421,399	290,407,699		2,914,213,989	2,904,076,989

20.2 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

21 Capital reserves

	Note	2023	2022
		Rupees	
Share premium reserve	(21.1)	4,904,476,367	4,671,279,664
Employee compensation reserve	(21.2)	507,516,180	323,650,758
		5,411,992,547	4,994,930,422

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

21.2 This represents balance amount after exercise of share options by the employees under the Employee Stock Option Scheme approved by the SECP. According to the scheme, 100% options become exercisable after completion of vesting period from the date of grant. The options have a vesting period of 2 years and an exercise period of 3 years from the date the option is vested.

21.2.1

The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year:

	2023		2022	
	Weighted average exercise price Rupees	Number of options Number	Weighted average exercise price Rupees	Number of options Number
Outstanding at 01 January	276.50	5,187,567	244.85	1,953,356
Granted during the year				
- stock options awarded in March 2022	-	-	289.20	1,055,250
- stock options awarded in August 2022	-	-	263.60	1,105,230
- stock options awarded in April 2023	379.90	2,562,000	-	-
Bonus issue adjustment during the year ¹	-	-	221.10	2,292,169
Forfeited share options	272.90	(1,104,430)	262.08	(314,753)
Exercised during the year:				
- stock options awarded in 2020 ¹	61.11	(220,000)	71.62	(903,685)
- stock options awarded in March 2021 ²	173.10	(696,200)	-	-
- stock options awarded in Spetember 2021 ³	248.61	(97,500)	-	-
Outstanding at 31 December	345.93	5,631,437	276.50	5,187,567
Vested and exercisable at 31 December	185.71	1,123,437	62.93	253,000

- The weighted average share price at the date of the exercise of these options was Rs 424.87 (2022: 689.76).
- The weighted average share price at the date of the exercise of these options was Rs 473.49 (2022: Nil).
- The weighted average share price at the date of the exercise of these options was Rs 422.68 (2022: Nil).

21.2.2 The weighted average remaining contractual life for the share options outstanding as at 31 December 2023 is 3.52 years (2022: 3.81 years).

21.2.3 The weighted average fair value of options granted during the period was Rs 212.90 (2022: Rs 223.47).

21.2.4 The range of exercise prices for options outstanding at the end of the year is Rs 73.34 to Rs.379.90 (2022: Rs 61.11 to Rs 289.20).

21.2.5 The following table lists the inputs to the model used for the plan for the years ended December 31, 2023 and 2022, respectively :

	2023	2022
Dividend yield	1.46%	1.90% - 2.32%
Expected volatility	33%	42% - 59%
Risk-free interest rate	19.27%	11.38% & 11.43%
Expected life of share options (years)	2.25	2.25
Weighted average share price	Rs. 465.65	Rs 674.9
Model used	Black Scholes	Black Scholes

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. 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.

22 Long term advances

	Note	2023	2022
Long term advances		12,676,308	10,001,440
Less : Current portion shown under current liabilities		(8,395,243)	(3,234,396)
	(22.1)	4,281,065	6,767,044

22.1 These represent advances received from staff and will be adjusted as per Company's car policy against sale of vehicles.

23 Long term loan

Set out below is the carrying amount of long term loan and the movements during the year:

	Note	2023	2022
Opening balance		-	76,816,085
Accretion of Interest		-	2,661,008
Repayments during the year		-	(79,477,093)
		-	-
Less : Current portion shown under current liabilities		-	-
	(23.1)	-	-

23.1 This represented loan of Rs 210 million obtained from MCB Bank Limited under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility had an aggregate sanctioned limit of Rs 315 million. It carried mark-up at SBP rate plus 1% per annum and was secured against a pari passu charge of Rs 1,344 million over the present and future current assets of the Company and 1st exclusive equitable mortgage and hypothecation charge of Rs 1,066.7 million over the non current assets of the Company. The loan was repayable in equal quarterly installments commencing September 26, 2020 and ending December 26, 2022. The two tranches of loan were initially recognized at fair value in accordance with IFRS 9 - Financial instruments using effective interest rate of 7.94% and 7.25% (3-month KIBOR) respectively. The difference between fair value of loan and loan proceeds had been recognized as deferred grant, as there were no unfulfilled conditions as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan. The loan had been fully repaid during the year ended December 31, 2022.

24 Lease liabilities

	2023	2022
Present value of lease rentals	580,303,133	541,723,263
Less: Current portion shown under current liabilities	(130,504,923)	(87,038,575)
	449,798,210	454,684,688

	2023		
	Rupees		
	Lease Rentals	Finance cost for future periods	Principal outstanding
Not later than one year	192,982,683	62,477,760	130,504,923
Later than one year but not later than five years	505,490,096	81,267,826	424,222,270
Later than five years	26,886,713	1,310,773	25,575,940
	725,359,492	145,056,359	580,303,133

	2022		
	Rupees		
	Lease Rentals	Finance cost for future periods	Principal outstanding
Not later than one year	144,595,142	57,556,567	87,038,575
Later than one year but not later than five years	512,468,913	99,963,589	412,505,324
Later than five years	46,350,159	4,170,795	42,179,364
	703,414,214	161,690,951	541,723,263

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

	Note	2023	2022
		Rupees	
As at 01 January		541,723,263	301,076,382
Additions		142,164,900	378,876,810
Accretion of interest	(36)	76,539,935	54,959,626
Payments		(180,124,965)	(134,171,534)
Termination		-	(59,018,021)
As at 31 December		580,303,133	541,723,263
Salient features of the leases are as follows:			
Discounting rate		9.7% - 15.36%	9.7% - 15.36%
Period of lease		48-120 months	48-120 months

24.1 Amount recognized in unconsolidated statement of profit or loss:

The following are the amounts recognized in profit or loss:

	2023	2022
	Rupees	
Interest expense on lease liabilities	76,539,935	54,959,626
Expenses relating to short term leases	59,800,163	48,921,957
Gain on derecognition of lease	-	4,668,459
Total amount recognized in profit or loss	136,340,098	108,550,042

24.2 Cash outflow for leases

The Company had total cash outflows for leases of Rs 239.92 million (2022: Rs 183.09 million). The Company also had non-cash additions to right-of-use assets and lease liabilities of Rs 149.56 million (2022: Rs 387.48 million) and Rs 142.16 million (2022: Rs 378.88 million) respectively.

25 Trade and other payables

	Note	2023	2022
		Rupees	
Creditors			
Accrued liabilities	(25.1)	104,039,999	137,133,280
Provident fund contribution payable	(25.2)	2,344,843,898	1,381,580,162
Withholding income tax payable	(25.3)	169,477,960	-
Sales tax payable		227,038,001	87,697,992
Payable to related parties		74,004,982	48,725,071
Subscription money payable	(25.4)	2,775,733,986	1,033,889,429
		5,788,983	5,786,460
		5,700,927,809	2,694,812,394

25.1 These are non-interest bearing, are in normal course of business and are normally settled on terms of between 30 and 60 days.

25.2 This includes Rs 2.6 million (2022: Nil) payable to directors of the Company for attending board meetings.

25.3 All investments out of provident fund have been made in the collective investment schemes, listed equity and listed debt securities in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

25.4 This includes payable to the following related parties:	Note	2023	2022
- Tech Vista Systems FZ-LLC		2,514,805,935	1,029,930,185
- Visionet Systems Incorporation - USA		235,517,676	3,959,244
- Techvista Information Technology W.LL Qatar		25,410,375	-
	(25.4.1)	2,775,733,986	1,033,889,429

25.4.1 These represent payable to related parties against expenses incurred by them on behalf of the Company. These are in the ordinary course of business and carry no interest.

26 CONTRACT LIABILITIES	Note	2023	2022
	(26.1)	76,108,859	263,944,365

26.1 These represent mobilization and other advances received from the customers against professional / software development services, licenses, license support services and other fees to be adjusted with the satisfaction of contracts.

27 Short term borrowings - secured

	Note	2023	2022
MCB Bank Limited	(27.1)	400,000,000	850,000,000
Habib Metropolitan Bank Limited	(27.2)	1,400,000,000	1,400,000,000
Habib Bank Limited	(27.3)	319,000,000	200,000,000
Allied Bank Limited	(27.4)	-	300,000,000
Meezan Bank Limited	(27.5)	-	100,000,000
Faysal Bank Limited	(27.6)	-	200,000,000
	(27.7)	2,119,000,000	3,050,000,000

27.1 This represents export re-finance (ERF) availed against an aggregate sanctioned limit of Rs 1,400 million (December 31, 2022: Rs 1,400 million). The rate of mark-up is SBP rate plus 0.5% (December 31, 2022: SBP rate plus 0.5%) per annum. These borrowings were previously secured against first pari passu charge of Rs 1,774 million over all present and future current assets of the Company with 25% margin and first exclusive hypothecation and equitable mortgage charge of Rs 1,066.66 million over plant, machinery, furniture, fixtures and land. In current year, the charge was enhanced to first pari passu charge of Rs 1,867 million over all present and future current assets of the Company with 25% margin and first exclusive hypothecation and equitable mortgage charge of Rs 1,066.66 million over plant, machinery, furniture, fixtures and land for which the regulatory process of removal of charge is in process.

27.2 This represents islamic export re-finance (IERF) availed against aggregate sanctioned limit of Rs 2,000 million (2022: Rs 1,400 million). The rate of mark up is SBP rate plus 0.5% (2022: SBP rate plus 0.5%). These borrowings were secured against first pari passu hypothecation charge of Rs 2,150 million over current assets and equitable mortgage charge of Rs 305.99 million over land. In current year, the charge was enhanced to first pari passu hypothecation charge of Rs 2,950 million over current assets and equitable mortgage charge of Rs 305.99 million over land.

27.3 This represents export re-finance (ERF) availed against the aggregate sanctioned limit of Rs 700 million (2022: Rs 700 million). The rate of markup is SBP rate plus 0.5% (2022: SBP rate plus 0.5%). These borrowings are secured against the first pari passu hypothecation charge over the Company's current assets with a 25% margin.

27.4 This represents export Refinance (ERF) availed against the aggregate sanctioned limit of Rs 800 million (2022: Rs 800 million). The rate of markup is SBP rate plus 1% (2022: SBP rate plus 0.5%). These borrowings are secured against first joint pari passu hypothecation charge over all present and future current assets of the Company with 25% margin.

27.5 This represented islamic export re-finance (IERF) availed against the aggregate sanctioned limit of Rs 100 million (2022: Rs 100 million). The rate of markup was SBP rate plus 1% (2022: SBP rate plus 1%). These borrowings were secured against the first pari passu hypothecation charge over the Company's current assets with a 25% margin.

27.6 This represented islamic export re-finance (IERF) availed against aggregate sanctioned limit of Rs 300 million (2022: Rs 300 million). The rate of mark up was SBP rate plus 0.5% (2022: SBP rate plus 0.5%).

These borrowings were secured against first pari passu hypothecation charge over current assets of the Company.

27.7 The effective mark-up rate charged on these facilities during the year ranged from 9.5% to 23.4% (2022: 2.5% to 10%).

28 Contingencies and commitments

28.1 Contingencies

Income tax

28.1.1 Tax Year 2018 – under section 122(5A)

The Additional Commissioner Inland Revenue ('ACIR') issued an order dated May 03, 2023 under section 122(5A) of the Income Tax Ordinance, 2001 (the 'Ordinance') for the tax year 2018, on the basis of wrong proration of expenses and created an income tax demand of Rs 45.24 million. Being aggrieved, the Company filed an appeal before CIR(A), who through order dated July 20, 2023 disposed off the case against the company. The company feeling aggrieved by the order has filed an appeal before the Appellate Tribunal Inland Revenue, Lahore. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

28.1.2 Tax Year 2017 – under section 161

The Deputy Commissioner Inland Revenue (the "DCIR") issued order dated November 29, 2018 under section 161(1A) of the Income Tax Ordinance, 2001 (the "Ordinance") for the tax year 2017 whereby tax amounting to Rs 6.53 million for non-deduction of withholding tax was levied. The Company preferred an appeal before Commissioner Inland Revenue (Appeals) ["CIR(A)"], which was decided against the Company through order dated March 11, 2019. Being aggrieved, the Company filed an appeal before the Appellate Tribunal Inland Revenue ("ATIR"), which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

28.1.3 Tax Year 2016 – Clause 94 part IV of Second Schedule

The Company filed an undertaking pursuant clause 94 part IV of Second Schedule to the Ordinance, thereby opting out of minimum tax on services under section 153(1)(b) of the Ordinance in respect of Tax Year 2016. The Additional Commissioner Inland Revenue ("ACIR") declined to accept the undertaking through order dated December 03, 2015 against which the Company preferred an appeal before CIR(A), which has been upheld by the CIR(A) through order dated April 04, 2019. Being aggrieved, the Company has filed an appeal before the ATIR, which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

28.1.4 Tax Year 2016 – under section 177

The Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice under section 122 on the basis of audit of undertaking filed under clause 94 part IV of Second Schedule to the Income tax ordinance, 2001 (the 'Ordinance'), which was duly replied by the Company. Consequently, the DCIR passed an order dated June 30, 2022 under section 122/177 of the Ordinance and has raised the income tax demand of Rs 29 million on issue of proration of certain expenses. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) who through order dated February 7, 2023, remanded back the matter to the assessing officer for fresh consideration. Both the Company and the department have filed an appeal before the honorable ATIR which has not been fixed for hearing till date. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

28.1.5 Tax Year 2014 – under section 122(5A)

The Deputy Commissioner Inland Revenue ("DCIR") issued an order dated March 28, 2016 under section 122(5A) of the Ordinance for tax year 2014, on the basis of wrong proration of expenses and capital gains and created an aggregated demand of Rs 48.59 million. The company preferred an appeal against the order, before the CIR(A) who decided the case in favor of the Company. However, the tax department has filed second appeal before the ATIR, which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

Sales tax

28.1.6 Tax Period from January 2016 to December 2016

The Company was selected for Sales Tax Audit through computer ballot for the tax period January 2016 to December 2016 and on the basis of audit proceedings, the DCIR passed order dated July 30, 2020 under section 11(2) of the Sales Tax Act, 1990 on various issues including suppression of sales, non-chargeability of sales tax on advance from customers, other income, late filing of sales tax returns etc. and created impugned sales tax demand amounting to Rs 655.84 million. Being aggrieved, the Company preferred an appeal before the CIR(A).

During the year 2021, the CIR(A) vide order dated January 29, 2021 annulled the demand of Rs 651.44 million with the direction to reassess the matters and confirmed the balance demand of Rs 3.70 million against which the Company has preferred an appeal before ATIR. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

28.2 Commitments

28.2.1 Guarantees issued by the financial institutions on behalf of the Company amount to Rs 524.65 million (2022: Rs 433.35 million). This includes guarantee of Rs 77.38 million (2022: Rs 77.38 million) given on behalf of UUS Joint Venture (Private) Limited, a joint operation of the Company.

28.2.2 Guarantees issued by the Company on behalf of E-Processing Systems (Private) Limited to National Bank of Pakistan amounts to Nil (2022: Rs 100 million) and issued by the Company on behalf of National Data Consultant (Private) Limited to Bank Al Habib Limited amount to Nil (2022: Rs 134 million).

28.2.3 The Company has commitments in respect of short-term lease rentals against properties of Rs 29.07 million (2022: Rs 26.37 million).

29 Revenue from contracts with customers - net

29.1 Disaggregated Revenue Information

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

Type of goods or services	Note	2023		
		Rupees		
		Export	Local	Total
Outsourcing services:				
Business process outsourcing		1,003,294,059	531,360,580	1,534,654,639
IT services		22,564,565,149	2,382,135,762	24,946,700,911
Software and hardware trading		132,183,337	3,257,793,888	3,389,977,225
Software implementation		1,331,017,037	1,487,936,617	2,818,953,654
Less: Sales tax	(29.1.1)	-	(652,291,265)	(652,291,265)
Total revenue from contracts with customers		25,031,059,582	7,006,935,582	32,037,995,164

Timing of revenue recognition - net				
		Export	Local	Total
Goods and services transferred at a point in time		127,299,303	2,520,035,403	2,647,334,706
Goods and services transferred over time		24,903,760,279	4,486,900,179	29,390,660,458
Total revenue from contracts with customers		25,031,059,582	7,006,935,582	32,037,995,164

Type of goods or services	Note	2022		
		Rupees		
		Export	Local	Total
Outsourcing services:				
Business process outsourcing		1,076,996,402	170,391,874	1,247,388,276
IT services		14,162,943,576	2,309,320,608	16,472,264,184
Software and hardware trading		72,211,869	1,912,545,367	1,984,757,236
Software implementation		543,101,102	745,249,304	1,288,350,406
Less: Sales tax	(29.1.1)	-	(347,995,386)	(347,995,386)
Total revenue from contracts with customers		15,855,252,949	4,789,511,767	20,644,764,716

Timing of revenue recognition - net				
		Export	Local	Total
Goods and services transferred at a point in time		65,653,345	1,197,057,143	1,262,710,488
Goods and services transferred over time		15,789,599,604	3,592,454,624	19,382,054,228
Total revenue from contracts with customers		15,855,252,949	4,789,511,767	20,644,764,716

29.1.1 This represents sales tax chargeable under provincial and federal sales tax laws on revenue as defined under relevant laws.

29.2 The amount of revenue recognized from amounts included in contract liabilities at the beginning of the year is Rs 263.18 million (2022: Rs 378.37 million).

29.3 Transaction prices of remaining performance obligations

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) is as follows:

	2023	2022
	Rupees	
Within one year	1,476,216,491	2,053,131,746

29.4 The Company makes sales against credit terms. In case of credit sales for all revenue streams, payment is generally due within 90-120 days from the date of billing to the customer.

30 Cost of revenue

	Note	2023	2022
		Rupees	
Salaries, allowances and amenities	(30.1)	16,543,264,441	10,371,190,085
Purchase of software and hardware		2,863,276,212	1,650,719,889
Technical consultancy		190,471,012	218,110,225
Printing and stationery		2,914,234	10,040,032
Computer supplies		50,764,061	19,778,589
Rent, rates and taxes		42,340,508	27,466,309
Electricity, gas and water		174,172,396	124,739,493
Traveling and conveyance		445,703,270	303,094,371
Repair and maintenance		2,517,164	53,811,251
Postage, telephone and telegrams		198,254,651	144,997,499
Vehicle running and maintenance		648,795,816	242,685,463
Entertainment		6,238,736	6,275,831
Fee and subscriptions		532,105,184	229,211,604
Foreign remittance		31,755,386	-
Insurance		7,924,092	7,314,503
Depreciation of property and equipment	(6.1.3)	535,740,287	366,777,759
Amortization	(7.4)	9,144,659	9,040,897
Advertisement & publicity		840,000	1,675,358
Depreciation of right-of-use asset	(9.2)	126,263,225	96,730,120
Others		8,816,298	6,000,000
		22,421,301,632	13,889,659,278

30.1 This includes employees retirement benefit expense amounting to Rs 892.68 million (2022: Rs 563.82 million) and share based payment expense amounting to Rs 152.93 million (2022: Rs 45.53 million).

31 Selling and distribution expenses

	Note	2023	2022
		Rupees	
Salaries, allowances and amenities	(31.1)	312,646,285	193,936,199
Technical consultancy		5,406,496	8,262,850
Printing and stationery		1,306,704	403,468
Computer supplies		541,017	750,237
Electricity, gas and water		3,294,913	1,245,173
Traveling and conveyance		18,091,328	18,706,501
Repair and maintenance		1,791,450	1,437,032
Postage, telephone and telegrams		2,521,856	2,098,736
Vehicle running and maintenance		10,297,919	5,096,976
Insurance		194,645	242,218
Fee and subscriptions		10,287,545	6,904,635
Shows, seminars and advertising		15,032,291	25,964,802
Depreciation of property and equipment	(6.1.3)	7,270,621	3,655,531
Amortization	(7.4)	88,053	79,799
Depreciation of right-of-use asset	(9.2)	748,991	627,154
Entertainment		2,735,147	1,177,315
		392,255,261	270,588,626

31.1 This includes employees retirement benefit expense amounting to Rs 11.75 million (2022: Rs 6.49 million) and share based payment expense amounting to Rs 9.86 million (2022: Rs 3.32 million).

32 Administrative expenses

	Note	2023	2022
			Rupees
Salaries, allowances and amenities	(32.1)	1,169,656,169	829,375,349
Printing and stationery		13,807,837	13,989,770
Computer supplies		18,766,841	27,691,033
Rent, rates and taxes		17,459,655	21,433,834
Electricity, gas and water		36,101,953	25,236,828
Traveling and conveyance		62,863,194	42,726,176
Repair and maintenance		185,915,826	100,252,243
Postage, telephone and telegrams		51,911,401	39,682,585
Vehicle running and maintenance		77,945,968	43,080,928
Legal and professional		62,435,047	78,771,203
Auditors' remuneration	(32.2)	23,967,338	15,193,000
Entertainment		8,592,922	7,956,435
Donations	(32.3)	63,154,668	70,150,233
Fee and subscriptions		176,591,621	116,919,686
Insurance		2,696,531	3,532,239
Hiring cost		-	409,587
Depreciation of property and equipment	(6.1.3)	86,799,485	60,746,612
Amortization	(7.4)	893,019	1,093,991
Others		1,007,538	1,250,712
Depreciation of right-of-use asset	(9.2)	25,130,616	21,223,628
		2,085,697,629	1,520,716,072

32.1 This includes employees retirement benefit expense amounting to Rs 52.38 million (2022: Rs 34.89 million) and share based payment expense amounting to Rs 70.35 million (2022: Rs 37.98 million).

32.2 Auditors' remuneration

	Note	2023	2022
			Rupees
Statutory audit fee		7,550,000	5,500,000
Special purpose audit		4,000,000	-
Half yearly review		1,650,000	1,000,000
Other certifications		2,137,500	367,500
Tax services		7,447,580	6,675,500
Advisory services		-	1,000,000
Out-of-pocket		1,182,258	650,000
		23,967,338	15,193,000

32.3 This includes donations to the following parties:

	Note	2023	2022
			Rupees
Pakistan Children's Heart Foundation		10,000,000	10,000,000
Million Smiles Foundation		13,300,000	9,000,000
Akhuwat Islamic Microfinance		-	13,245,377
The Citizens Foundation		4,200,000	7,000,000
Baitussalam Welfare Trust		-	15,050,000

The directors of the Company or their spouses do not have any interest in the donees.

33 Impairment losses on financial assets

	Note	2023	2022
			Rupees
Allowance for ECLs			
- Contract assets	(13.1.2)	3,984,527	(17,035,350)
- Trade debts	(14.3)	17,149,018	19,533,319
- Others	(15.3.1)	12,340,346	-
		33,473,891	2,497,969

34 Other operating expenses

	Note	2023	2022
			Rupees
Loss on derivative financial instruments		-	87,966,377
Security deposits written off		171,033	1,360,000
Loss on disposal of property and equipment		79,231	-
Others		8,311,322	-
		8,561,586	89,326,377

35 Other income

	Note	2023	2022
			Rupees
Profit on deposit accounts		61,268,186	34,423,843
Profit on term deposit receipts and sukuks		69,634,100	30,405,695
Income on mutual funds	(35.1)	191,710,386	539,378,714
Exchange gain		2,175,797,785	1,195,718,409
Interest on loan to related parties		52,168,947	12,108,728
Effect of discounting of long term loans		82,935,220	33,789,390
Effect of discounting of long term security deposits		3,139,937	1,630,628
Gain on disposal of property and equipment	(6.1.4)	-	82,844,279
Liability written back		-	27,983,317
Others		8,545,230	18,767,372
		2,645,199,791	1,977,050,375

35.1 This represents the following:

	Note	2023	2022
			Rupees
Dividend income		220,627,522	503,368,923
(Loss) / Gain on mutual funds		(28,917,136)	36,009,791
		191,710,386	539,378,714

36 Finance costs

	Note	2023	2022
			Rupees
Markup on guarantee commission		12,493,482	1,454,105
Markup on borrowings		553,681,803	160,931,423
Bank charges		21,464,769	7,193,698
Finance cost on lease liabilities	(24)	76,539,935	54,959,626
		664,179,989	224,538,852

37 Taxation

Unconsolidated statement of profit or loss

	Note	2023	2022
			Rupees
Current Income tax:			
- Current income tax charge	(37.1)&(37.2)	421,034,011	295,658,582
- Adjustments in respect of current income tax of previous year		51,208,870	(3,258,453)
		472,242,881	292,400,129
Deferred tax	(37.3)		
- Relating to origination and reversal of temporary differences		(22,631,644)	32,250,843
		449,611,237	324,650,972

Amounts recognized directly in equity

Deferred tax on share based payment	(37.3)	-	29,344,233
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37.1 This represents tax chargeable under Minimum Tax Regime on local sale of software and services, tax chargeable under Final Tax Regime on export sale of services and dividend income in accordance with the provisions of the Income Tax Ordinance, 2001.

37.2 Reconciliation of tax charge for the year:

Note	2023	2022
		Rupees
Profit before taxation	9,008,771,728	6,624,487,917
Tax on profit	2,612,543,801	1,921,101,496
Tax effect of income under final tax regime	(2,577,326,565)	(1,712,058,276)
Rate change impact	(18,725,886)	(1,849,975)
Tax effect of expiry of minimum taxes during the year	15,165,570	15,307,401
Tax effect of super tax for the year	36,468,691	34,139,247
Tax effect of income under minimum tax regime	282,688,068	67,900,097
Losses not recognized	27,957,696	-
Tax effect of donations	18,314,854	6,806,378
Tax effect of cost restriction on vehicles	(315,186)	(4,566,272)
Prior year current tax adjustment	51,208,870	(3,258,453)
Others	1,631,324	1,129,329
	449,611,237	324,650,972

37.3 Deferred tax

	2023	2022
		Rupees
Taxable temporary differences		
Depreciation on property and equipment	(73,121,497)	(43,519,711)
Right-of-use asset	(41,856,359)	(37,883,189)
Interest free loans given to employees	(3,603,517)	(1,034,048)
	(118,581,373)	(82,436,948)
Deductible temporary differences		
Amortization on intangibles	3,336,179	2,923,921
Lease liabilities	47,611,567	40,024,666
Security deposits	1,251,172	889,292
Provision for doubtful debts	18,611,058	17,213,170
Provision for contract assets	753,317	383,983
Provision for others	1,012,476	-
Employee compensation reserve	33,010,516	19,301,552
Accelerated tax depreciation and amortization	49,091,938	-
Minimum tax	-	15,165,570
	154,678,223	95,902,154
	36,096,850	13,465,206

37.4 The Company has not recognized deferred tax asset of Rs 16.03 million (2022: Nil) against excess minimum tax paid in prior years, a deferred tax asset of Rs 7.96 million (2022: Nil) against business losses of Rs 27.45 million (2022: Nil) as the Company falls under minimum tax regime and this trend is expected to continue for the foreseeable future. Moreover, a deferred tax asset of Rs 19.99 million against impairment loss on investment in E-Processing Systems B.V. on prudence principle basis.

38 Transactions With Related Parties

The related parties of the Company comprise subsidiaries, associated companies, companies in which directors are interested, staff retirement funds and directors and key management personnel (Note 39). All transactions with related parties have been carried out on mutually agreed terms and conditions. Amounts due from and to related parties are shown under respective notes to the unconsolidated financial statements. Other significant transactions with related parties are as follows:

Undertaking	Relation	Basis of relationship	Nature of transaction	2023	2022
				Rupees	
TechVista Systems FZ- LLC	Subsidiary	Wholly owned	Revenue	5,747,294,177	3,257,740,985
			Expenses incurred on behalf of the party by the Company	233,184,992	16,745,422
			Expenses incurred on behalf of the Company by the party	667,894,300	491,816,039
			Share options issued to employees of the subsidiary	17,929,667	49,503,566
			Issue of shares by the party against advance given	-	341,741,600
			Consultancy fee by the party	85,454,529	94,746,488
			Payment of licenses made by the party on behalf of the Company	313,343,182	349,480,543
			Payments made by the party on behalf of the Company for acquisition of SYS Egypt for Information Technology Services	-	113,125,000
			Advance against issuance of shares returned by the party during the year	-	84,139,740
			Finance income on advance against issuance of shares	-	12,777,019
E Processing Systems (Private) Limited.	Associated company	Wholly owned by Associate: E-Processing Systems B.V.	Disbursements against loan	32,144,910	74,613,843
			Receipts against loan	100,793,974	89,867,848
			Finance income on loan	50,752,895	38,191,779
			Property and equipment sold to the party during the year	8,067,182	-
SUS-JV (Private) Limited.	Subsidiary	94.99% owned subsidiary	Disbursement against loan	31,570,956	22,774,914
			Receipts against loan	41,710,273	17,538,016
			Finance income on loan	1,052,724	496,034
Visionet Systems Incorporation - USA	Associated company	Common shareholding of directors	Revenue	11,009,088,958	9,208,820,939
			Expenses incurred on behalf of the party by the Company	73,187,167	113,300,990
			Consultancy fee by the party	7,674,729	-
			Payment of licenses made by the party on behalf of the company	28,206,832	-
			Expenses incurred on behalf of the Company by the party	246,269,332	90,851,807
Visionet Deutschland GMBH	Associated company	Common shareholding of directors	Revenue	646,428,545	766,590,049
			Expenses incurred on behalf of the party by the Company	17,820,917	25,923,009
Systems Ventures (Private) Limited	Subsidiary	Wholly owned	Expenses incurred on behalf of the party by the Company	3,407,969	2,524,249
			Advance given to the party for issuance of shares	-	241,000,020
			Payment made on behalf of the party to Systems International IT Pte. Ltd.	1,407,182,000	-
			Ownership interest in Systems International IT Pte. Ltd. transferred to the party	818,009,000	-
			Issue of shares by the party against advance given	-	241,000,020
			Advance against issuance of shares returned by the party during the year	-	8,610,295
System Australia for Information Technology Pty.Ltd	Sub-Subsidiary	Wholly owned by subsidiary: TechVista Systems FZ LLC	Revenue	20,985,955	-
			Expenses incurred on behalf of the party by the Company	35,709,020	-
Systems Limited Employees' Provident Fund	Staff retirement fund	Staff retirement fund	Contribution	1,001,065,999	606,393,847
			Payments made on behalf of the party by the Company	464,540,571	553,116,128
TechVista Information Technology W.LL	Subsidiary	Management Control	Revenue	618,226,704	395,265,161
			Share options issued to employees of the subsidiary	1,149,142	148,588
			Expenses incurred on behalf of the party by the Company	42,279,656	33,082,839
			Consultancy fee by the party	11,129,900	-
			Payment of licenses made by the party on behalf of the company	300,207	-
			Expenses incurred on behalf of the Company by the party	88,906,160	7,881,597
Visionet EMEA Limited	Associated company	Common shareholding of directors	Revenue	856,097,575	511,910,715
			Expenses incurred on behalf of the party by the Company	4,730,444	5,609,797
National Data Consultant (Private) Limited	Subsidiary	Wholly owned	Share options issued to employees of the subsidiary	1,356,985	15,591,865
			Consultancy fee by the party	22,936,545	3,766,194
			Expenses incurred on behalf of the party by the Company	988,580,905	141,207,444
			Expenses incurred on behalf of the Company by the party	59,801,682	-

Undertaking	Relation	Basis of relationship	Nature of transaction	2023	2022
Rupees					
Systems Arabia for Information Technology	Subsidiary	Wholly owned	Revenue Share options issued to employees of the subsidiary Consultancy fee by the party Expenses incurred on behalf of the party by the Company Expenses incurred on behalf of the Company by the party	1,393,317,394 9,960,819 33,261,845 289,279,917 83,541,783	198,002,427 5,116,706 - 166,041,312 64,480,042
Treehouse Consultancy LLC	Sub-Subsidiary	Wholly owned by subsidiary: TechVista Systems FZ LLC	Revenue	38,305,384	114,624,041
Systems Africa for Information Technologies Pty. Ltd.	Subsidiary	Wholly owned	Revenue Expenses incurred on behalf of the party by the Company Share options issued to employees	118,844,452 6,325,087 1,446,553	- 4,158,456 -
Systems APAC for Information Technology Pte. Ltd.	Sub-Subsidiary	Wholly owned by sub-subsidiary: Systems International IT Pte. Ltd.	Revenue Share options issued to employees Expenses incurred on behalf of the party by the Company	355,833,046 2,247,585 45,496,082	- - 1,342,464
Systems International IT Pte. Ltd.	Sub-Subsidiary	Wholly owned by subsidiary: Systems Ventures (Private) Limited	Advance given to the party for issuance of shares Expenses incurred on behalf of the party by the Company	- 1,002,242	818,009,000 -
SYS Egypt for Information Technology Services	Subsidiary	Wholly owned	Expenses incurred on behalf of the party by the Company Consultancy fee by the party Expenses incurred on behalf of Company by the party Share options issued to employees of the subsidiary Investment made by the Company during the year	3,058,014 1,284,806 224,646 723,277 -	1,042,683 - - - 113,125,000
National Data Consultancy FZE	Sub-Subsidiary	Wholly owned by sub-subsidiary: Systems International IT Pte. Ltd.	Revenue Expenses incurred on behalf of the party by the company	1,291,877,656 17,104,614	- -
Visionet Canada Inc.	Associated company	Common shareholding of directors	Revenue	7,371,620	-
AtClose	Associated company	Common shareholding of directors	Revenue	123,788,827	-
PartnerLinQ, Inc.	Associated company	Common shareholding of directors	Revenue	314,599,158	-

38.1 Details of the Company's subsidiaries and associated companies incorporated outside Pakistan are as follows:

Name of Company	Details			
	Country of incorporation	Registered Address	Basis of Association	Percentage of shareholding
Systems Arabia for Information Technology	Kingdom of Saudi Arabia	Anas Ibn Malik Road, Al Malqa, Riyadh	Subsidiary	100%
TechVista Systems FZ- LLC	UAE	TechVista Systems LLC, Office 603, 6th Floor, Exchange Tower, Business Bay, Dubai, UAE	Subsidiary	100%
Systems Australia for Information Technology Pty Limited	Australia	Level 16 1 Market Street Sydney NSW 2000	Sub-Subsidiary	-
Systems APAC for Information Technology Pte. Ltd.	Singapore	30 Cecil Street, #19-08 Prudential Tower, Singapore 049712	Sub-Subsidiary	-
Systems International IT Pte. Ltd.	Singapore	30 Cecil Street, #19-08 Prudential Tower, Singapore 049712	Sub-Subsidiary	-
SYS Egypt for Information Technology Services	Egypt	Building B 2116, the Smart Village, 28 Kms, Cairo Alexandria Desert Road, Giza, Egypt	Subsidiary	100%
Systems Africa for Information Technologies Pty. Ltd.	South Africa	Central Office Park No.4, 257 Jean Avenue, Centurion, 0157, PO Box 7750, Centurion, 0046	Subsidiary	100%
National Data Consultancy FZE	UAE	P.O Box 42741, Hamriyah Free Zone, Sharjah, UAE	Sub-Subsidiary	-
Visionet Deutschland GmbH	Germany	Maximilian street 13, 80539, Munchen, Germany	Associate	-
Visionet Systems Inc.	USA	Cedarbrook Corporate Center, 4 Cedarbrook Drive, Bldg. B Cranbury, NJ 08512-3641	Associate	-
Visionet EMEA Limited	UK	Wellington Way, Brooklands Business Park, Weybridge, Surrey KT13 0TT, GB	Associate	-
E-Processing Systems B.V.	Netherlands	Edvard Munchweg 14 B, 1328 MA Almere	Associate	30.9%
TechVista Information Technology W.L.L.	Qatar	TechVista IT WILL, Head Office Palm Towers B, Floor 41, Westbay, Doha, Qatar	Subsidiary	34%
Visionet Canada Inc.	Canada	2425 Matheson Blvd E, Mississauga, ON L4W5K4, Canada	Associate	-
PartnerLinQ Inc.	USA	Cedarbrook Corporate Center, 4 Cedarbrook Drive, Bldg. B Cranbury, NJ 08512-3641	Associate	-
AtClose LLC	USA	Cedarbrook Corporate Center, 4 Cedarbrook Drive, Bldg. B Cranbury, NJ 08512-3641	Associate	-
Treehouse Consultancy LLC	UAE	Office No. 3204 Latifa Tower, Sheikh Zayed Road, Dubai, United Arab Emirates	Sub-Subsidiary	-

39. Remuneration Of Chief Executive Officer, Directors And Executives

The aggregate amounts charged in the unconsolidated financial statements for the year for remuneration including certain benefits to the Chief Executive Officer, Directors and Executives of the Company are as follows :

	Chief Executive Officer		Non Executive Directors		Other Executives	
Note	2023	2022	2023	2022	2023	2022
			NOS			
Number of persons	1	1	6	6	3,361	1,749
			Rupees			
Managerial remuneration	97,993,395	48,879,600	-	-	12,342,603,419	5,834,817,030
Retirement benefits	6,532,893	3,187,800	-	-	818,499,057	378,843,854
Bonus	-	-	-	-	345,179,776	218,986,654
Fees	(39.2)	-	5,300,000	5,000,000	-	-
	104,526,288	52,067,400	5,300,000	5,000,000	13,506,282,252	6,432,647,538

39.1 In addition to the above remuneration, the Chief Executive Officer and certain executives are also provided with company maintained cars, free medical and mobile phone facilities in accordance with their entitlement.

39.2 Fees represent the amounts paid to Non Executive Directors for attending meetings of the Board and its sub-committees.

39.3 During the year, the Chief Executive Officer and Other Executives were granted 235,000 (2022: 491,319) and 1,850,500 (2022: 2,018,900) share options respectively, which have a vesting period of two years. Further, the impact of benefits available to the Chief Executive Officer and other executives recognized by the Company on account of share-based payment plans aggregated to Rs 16.99 million (2022: Rs 10.20 million) and Rs 124.62 million (2022: Rs 72.81 million), respectively.

39.4 During the current year, the chief executive officer and certain executives of the Company exercised stock option under employee stock option scheme according to which Nil (2022: 627,037) and 1,013,700 (2022: 276,652) shares respectively were issued to them.

40 Earnings per share - basic and diluted

Earnings per share is calculated by dividing the net profit for the year by weighted average number of shares outstanding during the year as follows:

Note	2023	2022
	Rupees	
Profit for the year	8,559,160,491	6,299,836,945
	(Number of shares)	
Weighted-average number of ordinary shares outstanding during the year	291,016,682	280,724,021
Basic earnings per share (Rupees)	29.41	22.44

40.1 Diluted earnings per share

Note	2023	2022
	Rupees	
Profit for the year	8,559,160,491	6,299,836,945
	Number of Shares	
Weighted average number of ordinary shares (basic)	291,016,682	280,724,021
Effect of share options	1,912,326	1,900,603
Weighted average number of ordinary shares - diluted	292,929,008	282,624,624
Diluted earnings per share (Rupees)	29.22	22.29

41 Financial risk management

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

41.1 Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

41.2 Market risk

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions and recognized assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Company's functional currency.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the unconsolidated statement of profit or loss.

Currently, the Company's foreign exchange risk exposure is restricted to contract assets, trade debts, other receivables, other payables and bank balances. The Company's exposure to currency risk is as follows:

	2023	2022
		Rupees
USD		
Trade debts	48,335,794	23,419,480
Bank balance	581,130	481,047
Other receivable	1,744,328	53,599
Other payable	(7,353,760)	(833,060)
	43,307,492	23,121,066
AUD		
Trade debts	162,259	169,049
Other receivable	110,446	-
	272,705	169,049
AED		
Trade debts	10,282,594	28,640,019
Other payable	(11,959,700)	(11,959,700)
	(1,677,106)	16,680,319
QAR		
Trade debts	5,644,326	7,169,569
Other receivable	274,801	275,953
	5,919,127	7,445,522
GBP		
Trade debts	1,735,156	1,571,476
Other receivable	6,990	31,055
	1,742,146	1,602,531
EUR		
Trade debts	-	979,175
Other receivable	1,366	105,283
	1,366	1,084,458

CAD			
Trade debts	34,089		-
	34,089		-
SAR			
Trade debts	122,728	1,098,004	
Other receivable	2,363,666	2,476,299	
	2,486,394	3,574,303	

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before tax.

	Changes in Rate	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
		2023	2023	2022	2022
		Rupees			
USD	+10%	1,219,972,050	866,180,156	523,114,113	371,411,020
	-10%	(1,219,972,050)	(866,180,156)	(523,114,113)	(371,411,020)
AUD	+10%	5,256,389	3,732,036	2,593,548	1,841,419
	-10%	(5,256,389)	(3,732,036)	(2,593,548)	(1,841,419)
AED	+10%	(12,873,466)	(9,140,161)	102,784,126	72,976,729
	-10%	12,873,466	9,140,161	(102,784,126)	(72,976,729)
QAR	+10%	45,322,755	32,179,156	46,326,038	32,891,487
	-10%	(45,322,755)	(32,179,156)	(46,326,038)	(32,891,487)
GBP	+10%	62,644,086	44,477,301	43,704,223	31,029,998
	-10%	(62,644,086)	(44,477,301)	(43,704,223)	(31,029,998)
EUR	+10%	42,611	30,254	26,141,937	18,560,775
	-10%	(42,611)	(30,254)	(26,141,937)	(18,560,775)
CAD	+10%	725,550	515,141	-	-
	-10%	(725,550)	(515,141)	-	-
SAR	+10%	18,680,278	13,262,997	21,503,007	15,267,135
	-10%	(18,680,278)	(13,262,997)	(21,503,007)	(15,267,135)

Profit and equity are more sensitive to movements in exchange rates in 2023 than 2022 because of the increased amount of foreign currency denominated revenue.

The following exchange rates were applicable during the year:

	2023	2022
Reporting date rate:		
USD	281.70	226.25
AUD	192.75	153.42
AED	76.76	61.62
QAR	76.57	62.22
GBP	359.58	272.72
EUR	311.94	241.06
CAD	212.84	166.89
SAR	75.13	60.16
Average rate:		
USD	283.30	205.54
AUD	189.32	141.86
AED	77.14	55.96
QAR	77.75	56.42
GBP	358.41	251.81
EUR	308.94	215.18
CAD	210.83	165.39
SAR	75.51	54.46

(b) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances.

At the unconsolidated statement of financial position, the interest rate profile of the Company's interest-bearing financial instruments was:

	2023	2022
Fixed rate instruments		
Financial assets		
Short term investments	282,000,000	177,000,000
Long term loans	712,111,946	398,150,748
	994,111,946	575,150,748
Financial liabilities		
Lease liabilities	580,303,133	541,723,263
	580,303,133	541,723,263
Net exposure	413,808,813	33,427,485
Variable rate instruments		
Financial assets		
Bank balances – deposit accounts	895,008,939	234,830,734
Loans to related parties	239,828,941	275,965,677
	1,134,837,880	510,796,411
Financial liabilities		
Short term borrowings	2,119,000,000	3,050,000,000
Net exposure	(984,162,120)	(2,539,203,589)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the date of statement of financial position would not affect the profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

The impact of changes in average effective interest rate for the year is given below:

		Increase/ decrease in rate	Effect on profit before tax	Effect on Equity
Financial assets				
	2022	+1	5,107,964	3,626,655
		-1	(5,107,964)	(3,626,655)
	2023	+1	11,348,379	8,057,349
		-1	(11,348,379)	(8,057,349)
Financial liabilities				
	2022	+1	(30,500,000)	(21,655,000)
		-1	30,500,000	21,655,000
	2023	+1	(21,190,000)	(15,044,900)
		-1	21,190,000	15,044,900

(c) Other price risk

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 interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. There is other price risk of changes in the fair value of investment in mutual funds as a result of changes in the levels of net asset value of units held by the Company. As at 31st December 2023, had there been increase / decrease in net asset value by 1%, with all other variables held constant, the profit before tax for the year and equity would have been higher / lower by Rs .29 million (2022: Rs .47 million) and Rs .21 million (2022: Rs .33 million).

41.3 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. The Company does not have significant exposure to any individual third party. The management also continuously monitors the credit exposure towards the customers and makes allowance for ECLs against those balances considered doubtful of recovery. Outstanding customer receivables are regularly monitored.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

The credit risk on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread directly or indirectly over a large number of counter parties and subscribers in case of trade debts.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2023	2022
	Rupees	
Interest free loans to employees	712,111,946	398,150,748
Contract assets	1,856,838,544	1,029,444,687
Trade debts	16,198,145,227	8,818,580,572
Trade deposits	194,415,504	220,083,140
Loans to related parties	239,828,941	275,965,677
Other receivables	1,452,856,881	497,638,045
Short term investments	1,159,419,112	4,430,978,169
Interest accrued	3,096,777	1,521,649
Bank balances	1,441,797,830	588,211,421
	23,258,510,762	16,260,574,108

The aging of trade debts - secured at the reporting date is:

Not Past Due	8,554,995,016	6,368,810,774
Past due 0-90 days	3,251,252,231	1,660,792,032
Past due 91-180 days	2,248,515,521	519,070,540
Past due 181-270 days	682,408,268	155,844,441
Past due 271-360 days	959,128,126	98,477,247
Past due 361 days and above	728,682,862	248,561,234
	(14) 16,424,982,024	9,051,556,268

The aging of contract assets - secured at the reporting date is:

Unbilled Revenue

0 - 90 days	1,161,173,360	690,061,528
91 - 180 days	411,854,253	256,022,837
181 - 270 days	229,809,679	24,803,377
271 - 365 days	6,916,922	-
One year and above	1,349,393	-
	(13.1) 1,811,103,607	970,887,742

As at year end, 52.30% of revenue (2022: 60.55%) were represented by two customers (2022: two customers) amounting to Rs 16,756.38 million (2022: Rs 12,465.01 million). More than 10% of the revenue came from each of these individual customers. The management believes that the Company is not exposed to customer concentration risk as these customers are related parties of the Company.

The Company has applied the IFRS's simplified approach and has calculated ECLs based on lifetime expected credit losses except for cases otherwise disclosed. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and short term investments held with some major counterparties at the reporting date:

Banks	Short term	Long term	Agency	2023	2022
Rupees					
Bank Balances					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	980,349,984	412,623,796
Bank Islami Pakistan Limited	A1	AA-	PACRA	7,694,419	7,694,419
United Bank Limited	A1+	AAA	VIS	11,322,152	3,546,910
Faysal Bank Limited	A1+	AA	PACRA	45,948,846	27,442,645
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	73,932,053	17,191,278
FINCA Microfinance Bank Limited	A2	A-	PACRA	1,134,223	790,198
Meezan Bank Limited	A1+	AAA	VIS	17,286,201	2,864,548
Bank Alfalah Limited	A1+	AA+	PACRA	-	2,420,000
Habib Bank Limited	A1+	AAA	VIS	24,079,932	11,871,431
MCB Bank Limited	A1+	AAA	PACRA	139,787,128	89,133,970
Allied Bank Limited	A1+	AAA	PACRA	5,246,837	632,226
Bank Al Habib Limited	A1+	AAA	PACRA	371,810	-
				1,307,153,585	576,211,421
TDRs					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	255,000,000	150,000,000
Habib Bank Limited	A1+	AAA	VIS	27,000,000	27,000,000
				282,000,000	177,000,000
Mutual Funds					
AL Habib Asset Management Limited	Not Available	AM2	PACRA	125,258,150	938,895,542
Al-Meezan Investment Management Limited	Not Available	AM1	PACRA	-	1,346,230,290
NBP Fund Management Limited	Not Available	AM1	PACRA	-	305,329,170
MCB-Arif Habib Savings & Investments Limited	Not Available	AM1	PACRA	-	488,442,573
ABL Asset Management Company Limited	Not Available	AM1	PACRA	250,717,910	304,115,215
Alfalah Asset Management Limited	Not Available	AM2++	PACRA	251,096,305	303,774,456
Lakson Investments Limited	Not Available	AM2+	PACRA	-	200,677,493
UBL Fund Managers Limited	Not Available	AM1	VIS	-	304,022,126
Faysal Asset Management Limited	Not Available	AM2+	VIS	250,346,747	62,491,304
				877,419,112	4,253,978,169

Except disclosed otherwise, the expected loss rates of trade debts are based on the payment profiles of sales over a period of 24 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the consumer price index of the countries in which it sells its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

41.3.1

	Local private customers			Local government customers			Export customers			Total	
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance	Trade debts	Loss allowance
December 31, 2023	%	Rupees		%	Rupees		%	Rupees		Rupees	
Not Past Due	0.14%	995,754,125	1,403,839	0.29%	209,059,110	607,926	0.01%	6,525,974,046	491,833	7,730,787,281	2,503,598
Past due 0-90 days	1.34%	132,377,270	1,775,160	1.45%	8,778,665	127,594	0.13%	1,679,880,680	2,158,034	1,821,036,615	4,060,788
Past due 91-180 days	7.49%	11,752,566	880,401	6.37%	29,296,267	1,866,162	0.36%	1,230,436,812	4,378,336	1,271,485,645	7,124,899
Past due 181-270 days	26.37%	20,048,968	5,286,244	23.90%	183,001	43,735	0.34%	810,166,040	2,721,133	830,398,009	8,051,112
Past due 271-360 days	82.12%	7,524,337	6,178,719	69.87%	14,105,982	9,855,816	12.03%	54,870,536	6,601,026	76,500,855	22,635,561
Past due 361 days and above	100.00%	34,970,694	34,970,694	100.00%	16,856,472	16,856,472	56.00%	32,939,674	18,446,245	84,766,840	70,273,411
		1,202,427,960	50,495,057		278,279,497	29,357,705		10,334,267,788	34,796,607	11,814,975,245	114,649,369
Certain related parties 1		695,885,260	13,008,149	-	-	-	3,914,121,519	99,179,279	-	3,914,121,519	99,179,279
Financial institutions 2		-	-	-	-	-	-	-	-	695,885,260	13,008,149
Gross trade debts		1,898,313,220	63,503,206		278,279,497	29,357,705		14,248,389,307	133,975,886	16,424,982,024	226,836,797

December 31, 2022	Local private customers			Local government customers			Export customers			Total	
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance	Trade debts	Loss allowance
	%	Rupees		%	Rupees		%	Rupees		Rupees	
Not Past Due	0.57%	561,561,075	3,213,533	1.31%	81,359,279	1,065,072	0.23%	5,070,317,934	11,750,647	5,713,238,288	16,029,252
Past due 0-90 days	5.62%	169,659,413	9,536,550	6.75%	54,730,451	3,696,499	0.07%	1,216,055,202	829,305	1,440,445,066	14,062,354
Past due 91-180 days	26.06%	113,397,989	29,553,968	24.93%	24,358,856	6,071,896	0.42%	245,878,679	1,044,899	383,635,524	36,670,763
Past due 181-270 days	87.53%	31,428,892	27,510,320	98.06%	1,941,473	1,903,749	24.87%	39,062,607	9,716,559	72,432,972	39,130,628
Past due 271-360 days	100.00%	28,534,733	28,534,733	100.00%	2,592,763	2,592,763	100.00%	105,432	105,432	31,232,928	31,232,928
Past due 361 days and above	100.00%	17,533,037	17,533,037	100.00%	3,501,273	3,501,273	100.00%	1,532,844	1,532,844	22,567,154	22,567,154
		922,115,139	115,882,141		168,484,095	18,831,252		6,572,952,698	24,979,686	7,663,551,932	159,693,079
TechVista Information Technology W.L.L1		-	-		-	-		744,056,217	64,124,697	744,056,217	64,124,697
Financial institutions 2		643,948,119	9,157,920		-	-		-	-	643,948,119	9,157,920
Gross trade debts		1,566,063,258	125,040,061		168,484,095	18,831,252		7,317,008,915	89,104,383	9,051,556,268	232,975,696

¹ For certain related parties, ECL is recognized on the basis of their ability to pay or present value of projected cashflows based on a probability weighted estimate as disclosed in note 3.2.3.

² For financial institutions, ECL has been computed on the basis of their credit ratings issued by external credit rating agencies.

41.3.2 The Company changed its estimate for categorizing a financial asset for write off from more than 270 days past due to more than 360 days past due. If the accounting estimate was not changed, a further ECL expense of Rs 83.5 million would have been booked.

41.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The following are the contractual maturities of financial liabilities:

The following are the contractual maturities of financial liabilities as at December 31, 2023:

	Carrying amount	Contractual cash flows	Less than one year	One to five years	More than five years
Lease Liabilities	580,303,133	725,359,492	192,982,683	505,490,096	26,886,713
Trade and other payables	5,626,922,827	5,626,922,827	5,626,922,827	-	-
Unclaimed dividend	18,659,407	18,659,407	18,659,407	-	-
Short term borrowings - secured	2,119,000,000	2,119,000,000	2,119,000,000	-	-
Accrued mark-up on borrowings	96,093,532	96,093,532	96,093,532	-	-
	8,440,978,899	8,586,035,258	8,053,658,449	505,490,096	26,886,713

The following are the contractual maturities of financial liabilities as at 31 December 2022:

	Carrying amount	Contractual cash flows	Less than one year	One to five years	More than five years
Lease Liabilities	541,723,263	703,414,213	144,595,142	512,468,913	46,350,159
Trade and other payables	2,646,087,323	2,646,087,323	2,646,087,323	-	-
Unclaimed dividend	13,536,152	13,536,152	13,536,152	-	-
Short term borrowings - secured	3,050,000,000	3,050,000,000	3,050,000,000	-	-
Accrued mark-up on borrowings	82,126,318	82,126,318	82,126,318	-	-
	6,333,473,056	6,495,164,007	5,936,344,935	512,468,913	46,350,159

41.5 Fair values of financial assets and liabilities

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

41.6 Financial instruments by categories

	2023		
	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
Rupees			
Interest free loans to employees	-	712,111,946	712,111,946
Contract assets	-	1,856,838,544	1,856,838,544
Trade debts	-	16,198,145,227	16,198,145,227
Trade deposits	-	194,415,504	194,415,504
Loans to related parties	-	239,828,941	239,828,941
Other receivables	-	1,452,856,881	1,452,856,881
Short term investments	877,419,112	282,000,000	1,159,419,112
Interest accrued	-	3,096,777	3,096,777
Cash and bank balances	-	1,441,973,473	1,441,973,473
	877,419,112	22,381,267,293	23,258,686,405

	2022		
	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
Rupees			
Interest free loans to employees	-	398,150,748	398,150,748
Contract assets	-	1,029,444,687	1,029,444,687
Trade debts	-	8,818,580,572	8,818,580,572
Trade deposits	-	220,083,140	220,083,140
Loans to related parties	-	275,965,677	275,965,677
Other receivables	-	497,638,045	497,638,045
Short term investments	4,253,978,169	177,000,000	4,430,978,169
Interest accrued	-	1,521,649	1,521,649
Cash and bank balances	-	600,569,946	600,569,946
	4,253,978,169	12,018,954,464	16,272,932,633

	2023	2022
	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Rupees		
Lease liabilities	580,303,133	541,723,263
Mark-up accrued on short term borrowings	5,626,922,827	2,646,087,323
Short term borrowings	18,659,407	13,536,152
Unclaimed dividend	2,119,000,000	3,050,000,000
Trade and other payables	96,093,532	82,126,318
	8,440,978,899	6,333,473,056

41.7 Fair value hierarchy

The carrying value of all financial assets and liabilities reflected in the unconsolidated financial statements approximate their fair values. The table below analyses unconsolidated financial instruments carried at fair value by valuation method. The different level have been defined as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

	Fair value measurement using			Total
	"Quoted price in active market (Level 1)"	"Significant observable inputs (Level 2)"	"Significant unobservable inputs (Level 3)"	
As at December 31, 2023	Rupees			
Fair value through profit and loss				
- Mutual fund units	877,419,112	-	-	-
As at December 31, 2022				
Fair value through profit and loss				
- Mutual fund units	4,253,978,169	-	-	-

41.7.1 There were no transfers between Level 1 and Level 2 during 2023 and 2022.

41.7.2 Fair value of mutual funds is measured with reference to their respective net asset value.

41.8 Capital risk management

The Company's policy is to safeguard the Company's ability to remain as a going concern and ensure a strong capital base in order to maintain investors', creditors' and market's confidence and to sustain future development of the business. The Board of Directors monitors the returns on capital, which the Company defines as net operating income divided by total shareholders' equity. The Company's objectives when managing:

- a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- b) to provide an adequate return to shareholders by pricing products.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

Consistent with the industry norms, the Company monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total borrowings as shown in the statement of financial position less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the unconsolidated statement of financial position.

The debt-to-equity ratio is as follows:

The debt-to-equity ratio as of December 31 is as follows:

	Note	2023	2022
Lease liabilities	(24)	580,303,133	541,723,263
Trade and other payables	(25)	5,700,927,809	2,694,812,394
Short term borrowings – secured	(27)	2,119,000,000	3,050,000,000
Accrued mark-up on borrowings		96,093,532	82,126,318
		8,496,324,474	6,368,661,975
Less: Cash and bank balances	(19)	(1,441,973,473)	(588,569,946)
Net debt		7,054,351,001	5,780,092,029
Total capital		27,713,527,674	20,182,436,558
Capital and net debt		34,767,878,675	25,962,528,587
Capital gearing ratio		20%	22%

No changes were made in the objectives, policies or processes for managing capital during the year ended December 31, 2023 and December 31, 2022.

41.9 Shariah Screening Disclosure

	2023		2022	
	Conventional	Shariah compliant	Conventional	Shariah compliant
	Rupees		Rupees	
Short term borrowings – secured	719,000,000	1,400,000,000	1,350,000,000	1,700,000,000
Short term investments	27,000,000	1,132,419,112	177,000,000	4,253,978,169
Cash and bank balances	173,925,277	1,133,228,308	80,845,173	495,366,248
Other income				
- Profit on deposit accounts	34,238,005	27,030,181	20,835,229	13,588,614
- Profit on term deposit receipts and sukuks	4,961,121	64,672,979	30,405,695	-
- Income on mutual funds	-	220,627,522	-	539,378,714
Mark-up on short term borrowings	320,287,765	233,394,038	78,954,711	81,976,712

42 Number of employees

	2023	2022
Total number of employees at the end of the year are as follows:		
	Rupees	
Regular	5,218	4,191
Contractual	1,371	952
	6,589	5,143
Average number of employees during the year are as follows:		
Regular	5,103	4,062
Contractual	884	1,110
	5,987	5,172

43 Date Of authorisation for issue

These unconsolidated financial statements were authorized for issue on 22nd March 2024 by the Board of Directors of the Company.

44 Subsequent events

The Board of Directors in their meeting held on 22nd March 2024 have proposed a final cash dividend for the year ended December 31, 2023 of Rs 6 (2022: Rs 5) per share for approval of the members at the Annual General Meeting to be held on 19th April 2024. These financial statements for the year ended December 31, 2023 do not include the effect of this appropriation.

45 Corresponding figures

Corresponding figures have been 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 unconsolidated financial statements."

46 General

Figures have been rounded off to the nearest of rupees, unless otherwise stated.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Systems Limited Consolidated Financial Statements

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYSTEMS LIMITED

Report on the audit of the consolidated financial statements

Opinion

We have audited the annexed consolidated financial statements of Systems Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 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 material accounting policy information 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 December 31, 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 Matter

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 is the Key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1.	<p>Revenue recognition</p> <p>The Group's revenue is derived from multiple revenue streams, as referred to in Note 33 to the accompanying consolidated financial statements, including business processes outsourcing, IT services, software and hardware trading and software implementation. Each stream has its own revenue recognition policies based on the nature of revenue and underlying contractual arrangements as referred to in Note 5.8.</p> <p>We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Group with multiple revenue streams, inherent risk of material misstatement and significant increase in revenue from last year.</p>	<p>Our audit procedures in relation to the matter, amongst others, included the following:</p> <ul style="list-style-type: none"> - Understood and evaluated the accounting policies with respect to revenue recognition; - Understood and evaluated management controls over revenue recognition; - Assessed the contracts on sample basis to identify distinct performance obligations; - Performed testing of sample of revenue transactions with underlying documentation including sales invoices and where relevant, underlying time costs, licensing agreements and other supporting documents; - Tested 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 correct period; - Agreed the revenue to related receipts on sample basis as evidence of collectability; and - Assessed the adequacy of disclosures made in the financial statements related to revenue.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the unconsolidated and consolidated financial statements and our auditor's report 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 Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of 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:

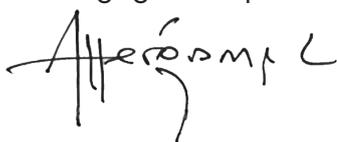
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 Asad Aleem Mirza.



A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: 28th March, 2024
UDIN: AR202310128n9fhHQgeS

Consolidated Statement of Financial Position

As at December 31, 2023

ASSETS	Note	2023	2022
		Rupees	Rupees
Non-current assets			
Property and equipment	7	3,740,581,192	2,942,599,349
Intangibles	8	10,511,603,969	7,963,673,553
Long term investments	9	101,886,235	243,023,912
Investment in associates	10	282,459,724	951,034,316
Right-of-use asset	11	652,229,054	580,144,739
Long term loans	12	528,345,079	298,036,906
Deferred taxation - net	41	-	12,157,378
Deferred employee benefits	13	182,065,727	86,938,319
Long term receivable - unsecured	14	886,067,903	909,097,001
Long term deposits	15	265,508,795	63,844,710
		17,150,747,678	14,050,550,183
Current assets			
Contract assets - unsecured	16	7,960,461,635	2,591,990,933
Trade debts - unsecured	17	12,706,815,283	8,494,847,010
Current portion of long term receivable - unsecured	14	298,167,633	194,200,634
Loans, advances and other receivables	18	1,819,993,202	1,434,826,075
Trade deposits and short term prepayments	19	1,060,427,214	1,094,819,779
Interest accrued		3,096,777	1,521,649
Short term investments	20	1,594,725,452	4,430,978,169
Income tax refunds due from the government		21,768,471	187,443,226
Current portion of deferred employee benefits		67,157,471	29,892,702
Cash and bank balances	21	7,982,850,983	5,814,496,232
		33,515,464,121	24,275,016,409
TOTAL ASSETS		50,666,211,799	38,325,566,592
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		4,000,000,000	4,000,000,000
400,000,000 (2022: 400,000,000) ordinary shares of Rs. 10/- each			
Issued, subscribed and paid up share capital	22	2,914,213,989	2,904,076,990
Capital reserves	23	8,076,144,012	5,917,212,743
Revenue reserve - unappropriated profit		21,338,813,911	14,104,886,266
		32,329,171,912	22,926,175,999
Non-controlling interest		2,447,154	2,103,542
		32,331,619,066	22,928,279,541
Non-current liabilities			
Long term advances	24	4,281,065	6,767,044
Long term loan - secured	25	-	-
Lease liabilities	26	551,237,073	491,701,794
Other long term liability - unsecured	27	1,818,407,518	1,040,158,349
Deferred taxation - net	41	117,775,797	-
Provision for gratuity	28	474,227,448	455,978,209
		2,965,928,901	1,994,605,396
Current liabilities			
Trade and other payables	29	7,291,830,942	5,937,289,453
Unclaimed dividend		18,659,407	13,536,152
Contract liabilities	30	4,637,734,357	3,025,704,894
Short term borrowings - secured	31	2,119,000,000	3,110,000,000
Mark-up accrued on short term borrowings - secured		96,586,682	83,638,647
Current portion of long term advances		8,395,243	3,234,396
Current portion of lease liabilities		190,062,090	112,996,863
Current portion of other long term liability - unsecured	27	1,006,395,111	1,116,281,250
		15,368,663,832	13,402,681,655
TOTAL EQUITY AND LIABILITIES		50,666,211,799	38,325,566,592

CONTINGENCIES AND COMMITMENTS

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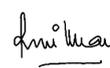
The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Consolidated Statement of Profit or Loss For the Year ended December 31, 2023

	Note	2023 Rupees	2022 Rupees
Revenue from contracts with customers - net	33	53,435,483,177	31,759,927,263
Cost of revenue	34	(39,778,797,390)	(23,123,647,896)
Gross profit		13,656,685,787	8,636,279,367
Selling and distribution expenses	35	(1,569,563,845)	(740,518,496)
Administrative expenses	36	(3,982,646,207)	(2,483,965,304)
Impairment losses / (Reversal of impairment losses) on financial assets	37	(205,137,108)	40,359,108
Other operating expenses	38	(166,791,530)	(89,326,377)
		(5,924,138,690)	(3,273,451,069)
Operating profit		7,732,547,097	5,362,828,298
Other income	39	3,193,598,145	2,230,060,151
Share of loss from associates	10	(48,069,294)	(323,899,362)
Impairment loss on investment in associates	10	(729,463,249)	-
Finance costs	40	(868,990,456)	(287,819,752)
Profit before taxation		9,279,622,243	6,981,169,335
Taxation	41	(590,732,350)	(351,508,026)
Profit for the year		8,688,889,893	6,629,661,309
Attributable to:			
Equity holders of the parent		8,688,546,281	6,628,727,695
Non-controlling interest		343,612	933,614
		8,688,889,893	6,629,661,309
Earnings per share			
Basic earnings per share	45	29.86	23.61
Diluted earnings per share	45	29.66	23.45

The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Consolidated Statement of Comprehensive Income For the Year Ended December 31, 2023

	2023	2022
	Rupees	Rupees
Profit for the year	8,688,889,893	6,629,661,309
Items that will not be reclassified subsequently to profit or loss		
Remeasurement gain on retirement benefit liability	11,280,262	31,133,787
Share of other comprehensive (loss) / income of associates	(10,630,398)	982,455
	649,864	32,116,242
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operation	1,741,869,144	794,457,037
Total comprehensive income for the year	10,431,408,901	7,456,234,588
Attributable to:		
Equity holders of the parent	10,431,065,289	7,455,300,974
Non-controlling interest	343,612	933,614
	10,431,408,901	7,456,234,588

The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Consolidated Statement of Changes in Equity

For the Year Ended December 31, 2023

	Issued, subscribed and paid-up share capital	Capital reserves				Revenue reserve	Non controlling interest	Total equity
		Share premium	Employee compensation reserve	Foreign currency translation reserve	Un-appropriated profit	Total equity attributable to shareholders of Holding Company		
Balance as on 01 January 2022	1,384,989,120	820,263,291	200,220,759	127,825,350	9,528,306,407	12,061,604,927	1,169,928	12,062,774,855
Profit for the year	-	-	-	-	6,628,727,695	6,628,727,695	933,614	6,629,661,309
Other comprehensive income	-	-	-	794,457,037	32,116,242	826,573,279	-	826,573,279
Total comprehensive income for the year	-	-	-	794,457,037	6,660,843,937	7,455,300,974	933,614	7,456,234,588
Transactions with owners								
"Final dividend for the year ended 31 December 2021 at the rate of Rs 5 per share"	-	-	-	-	(695,913,000)	(695,913,000)	-	(695,913,000)
Exercise of share options	9,036,869	60,604,582	(57,376,937)	-	-	12,264,514	-	12,264,514
Forfeited share options	-	-	(3,474,922)	-	3,474,922	-	-	-
Share based payments	-	-	213,626,091	-	-	213,626,091	-	213,626,091
Deferred tax on share based payments	-	-	(29,344,233)	-	-	(29,344,233)	-	(29,344,233)
Issue of shares for acquisition of National Data Consultant (Private) Limited	118,225,000	3,790,411,725	-	-	-	3,908,636,725	-	3,908,636,725
Bonus issue @ 10%	1,391,826,000	-	-	-	(1,391,826,000)	-	-	-
	1,519,087,869	3,851,016,307	123,429,999	-	(2,084,264,078)	3,409,270,097	-	3,409,270,097
Balance as on 31 December 2022	2,904,076,989	4,671,279,598	323,650,758	922,282,387	14,104,886,266	22,926,175,998	2,103,542	22,928,279,540
Profit for the year	-	-	-	-	8,688,546,281	8,688,546,281	343,612	8,688,889,893
Other comprehensive income	-	-	-	1,741,869,144	649,864	1,742,519,008	-	1,742,519,008
Total comprehensive income for the year	-	-	-	1,741,869,144	8,689,196,145	10,431,065,289	343,612	10,431,408,901
Transactions with owners								
"Final dividend for the year ended 31 December 2022 at the rate of Rs 5 per share"	-	-	-	-	(1,455,268,500)	(1,455,268,500)	-	(1,455,268,500)
Exercise of share options	10,137,000	233,196,703	(93,380,867)	-	-	149,952,836	-	149,952,836
Forfeited share options	-	-	(109,660,647)	-	-	(109,660,647)	-	(109,660,647)
Share based payments	-	-	386,906,936	-	-	386,906,936	-	386,906,936
	10,137,000	233,196,703	183,865,422	-	(1,455,268,500)	(1,028,069,375)	-	(1,028,069,375)
Balance as at 31 December 2023	2,914,213,989	4,904,476,301	507,516,180	2,664,151,531	21,338,813,911	32,329,171,912	2,447,154	32,331,619,066

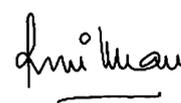
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Consolidated Statement of Cash Flows For the Year Ended December 31, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	46	6,462,083,859	6,147,954,896
Finance costs paid		(633,921,012)	(121,697,856)
Taxes paid		(437,407,557)	(219,444,877)
Gratuity Paid		(106,587,999)	(90,307,403)
Increase / (Decrease) in long term advances		2,674,868	(12,788,942)
		(1,175,241,700)	(444,239,078)
Cash flows from operating activities		5,286,842,159	5,703,715,818
Cash Flows From Investing Activities			
Purchase of property and equipment		(1,542,929,649)	(1,439,932,592)
Acquisition of subsidiaries		(1,746,121,672)	(971,470,941)
Purchase / Development of intangibles		(1,271,400,041)	(1,217,983,825)
Sale proceeds from disposal of property and equipment		32,988,133	94,664,140
Short term investments - net		3,463,269,443	902,770,823
Increase in long term investment - net		(13,331,234)	(243,023,912)
Profit received on deposit accounts		82,711,626	44,980,423
Profit received on short term investments		68,058,972	31,034,229
Interest received on loan to subsidiaries and associated undertakings		51,222,549	18,638,900
Net cash used in investing activities		(875,531,873)	(2,780,322,755)
Cash Flows From Financing Activities			
Disbursements against short term borrowings		3,800,824,334	1,260,000,000
Repayment of short term borrowings		(4,791,824,334)	(900,000,000)
Repayment of long term loan		-	(93,417,594)
Proceeds from exercise of share options		158,192,836	64,969,008
Payments in respect of leases		(226,369,865)	(139,727,312)
Dividend paid		(1,450,145,245)	(691,603,092)
Net cash used in financing activities		(2,509,322,274)	(499,778,990)
Increase in cash and cash equivalents		1,901,988,012	2,423,614,073
Net foreign exchange difference		296,128,017	118,438,469
Cash and cash equivalents at the beginning of the year		5,062,643,191	2,520,590,649
Cash and cash equivalents at the end of year	47	7,260,759,220	5,062,643,191

Refer note 25, 26 and 31 for reconciliation of liabilities arising from financing activities.

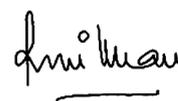
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

1. Corporate information

1.1 Holding Company

Systems Limited (“the Holding Company”) is a public limited Company incorporated in Pakistan under the Companies Act, 2017 and is listed on the Pakistan Stock Exchange. The Company is principally engaged in the business of software development, trading of software and business process outsourcing services. The registered office of the Company is situated at E-1, Sehjpal Road, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt.

1.2 Subsidiary and sub-subsidiary Companies

- 1.2.1** TechVista Systems FZ - LLC, a limited liability Company incorporated in Dubai Technology and Media Free Zone Authority, is a 100% (2022: 100%) owned subsidiary of Systems Limited, Pakistan. The Company is engaged in the business of developing software and providing ancillary services.
- 1.2.2** TechVista Systems LLC is a limited liability company registered in the Emirate of Dubai under Federal Law No. 2 of 2015, is 100% (2022: 100%) controlled by TechVista Systems FZ-LLC. The Company is licensed as a software house.
- 1.2.3** TechVista Manpower LLC (TechVista MP LLC), a sole establishment, duly licensed by Dubai Economic Department, under License No. 800123, is 100% (2022: 100%) controlled by TechVista Systems FZ-LLC.
- 1.2.4** SUS JV (Private) Limited, a private limited company registered under the Companies Act, 2017 is a 95% (2022: 95%) owned subsidiary of Systems Limited. The Company is set up for the Baluchistan Land Revenue Management Information Systems project. The project is related to digitization of land records and development of a web-based management information system.
- 1.2.5** Systems Ventures (Private) Limited, a private limited Company registered under the Companies Act, 2017, incorporated on 11 November 2019, is a 100% (2022: 100%) owned subsidiary of Systems Limited. The Company aims to invest in new ventures, start-ups and incubate new ideas.
- 1.2.6** Systems Australia for information Technology Pty Limited (formerly TechVista Systems Pty Ltd), is a 100% (2022: 100%) owned subsidiary of Techvista Systems FZ LLC and was incorporated in December 2014 in Australia with the paid up share capital of AUD 1.
- 1.2.7** Systems Arabia for Information Technology, is a 100% (2022:100%) owned subsidiary of Systems Limited and was incorporated in December 2022. The Company has been setup in Saudi Arabia to provide IT services. As of reporting date, no payment has been made against its share capital.
- 1.2.8** SYS Egypt for Information Technology Services, is a 100% (2022: 100%) owned subsidiary of Systems Limited and was incorporated in May 2022. The Company has been setup in the Arab Republic of Egypt for the purpose of sale of software services and trading software licenses in the Middle East and North Africa region.
- 1.2.9** Systems Africa for Information Technologies Pty. Ltd., is a 100% (2022: 100%) owned subsidiary of Systems Limited and was incorporated in July 2022. The Company has been setup in Republic of South Africa for the purpose of sale of software services and trading software licenses in the region. As of reporting date, no payment has been made against its share capital.
- 1.2.10** National Data Consultant (Private) Limited (‘NdcTech’), is a 100% (2022: 100%) owned subsidiary of Systems Limited and was acquired in July 2022. The Company has been setup in Pakistan and is engaged in core and digital banking implementation services, having rich clients in Pakistan, Middle East, Africa and Asia Pacific region.
- 1.2.11** Treehouse Consultancy LLC is a 100% (2022: 100%) owned subsidiary of TechVista Systems FZ- LLC in Dubai and was acquired in July 2022.
- 1.2.12** Systems International IT Pte. Ltd., was a wholly owned subsidiary of Systems Limited and was incorporated in May 2022. However, on April 25 2023, the Company entered into an arrangement with its wholly

owned subsidiary; Systems Ventures (Private) Limited 'SVPL' for transfer of 5,002,890 shares of Systems International IT Pte Ltd to SVPL. Thereafter, Systems International IT Pte. Ltd. is a wholly owned subsidiary of SVPL whereas Systems Limited continues to be the ultimate parent company. Systems Limited is to receive shares of equivalent value of its cost of investment in Systems International IT Pte. Ltd. from SVPL. The Company has been setup for the purpose of sale of software services and trading software licenses in the Asia Pacific region.

- 1.2.13** Systems APAC for Information Technology Pte. Ltd., is a 100% (2022: 100%) owned subsidiary of Systems International IT Pte Ltd. incorporated in 2022 with authorized share capital of SGD 1 for the purpose of sale of software services and trading software licenses in the Asia Pacific region.
- 1.2.14** NDC Tech APAC Pte. Ltd., is a 100% (2022: 100%) owned subsidiary of Systems International IT Pte Ltd. acquired in 2022 with authorized share capital of SGD 100 for the purpose of sale of software services and trading software licenses in the Asia Pacific region.
- 1.2.15** National Data Consultancy FZE, is a 100% (2022: 100%) owned subsidiary of Systems International IT Pte Ltd. acquired in 2022 in the Emirate of Dubai for the purpose of sale of software services and trading software licenses in the region with authorized share capital of AED 150,000 for the purpose of sale of software services and trading software licenses in the Asia Pacific region.
- 1.2.16** Techvista Information Technology W.L.L. ('TVSQ'), a limited liability company was incorporated in the State of Qatar and pursuant to the agreement entered with the shareholders of TVSQ on February 27, 2022 the Holding Company has 100% control and management of TVSQ.
- 1.2.17** Sys Bahrain for information Technology W.L.L, is a 100% (2022: Nil) owned subsidiary of Systems International IT Pte. Ltd. incorporated in February 2023 as a limited liability Company for the purpose of software publishing, computer consultancy and computer facilities management activities in the Kingdom of Bahrain.
- 1.2.18** Systems Holdings (Private) Limited, is a 100% (2022: Nil) owned subsidiary of Systems Limited incorporated in April 2023, as a Company limited by shares.
- 1.2.19** TechVista Systems East Africa Limited is a 100% (2022: Nil) owned subsidiary of Systems International IT Pte Ltd., incorporated in Kenya for providing consultancy and data processing software development services and to run data processing centers, computer centers, software development centers and offices.
- 1.2.20** Sys information Technology Malaysia SDN. BHD. is a 100% (2022: Nil) owned subsidiary of Systems International IT Pte. Ltd. incorporated in Malaysia.
- 1.2.21** Systems for information Technology QFZ LLC, is a 100% (2022: Nil) owned subsidiary of Systems International IT Pte. Ltd. incorporated in Qatar.
- 1.2.22** The shareholders of the Holding Company and Systems Ventures (Private) Limited ("SVPL") in their extra ordinary general meetings held on September 18, 2023 approved a Scheme of Compromises, Arrangement and Reconstruction (the 'Scheme'). As required under the Companies Act 2017, the Scheme was submitted with the Honorable Lahore High Court (the "Court") for their approval and sanction of the Scheme. Consequently, the Court through its Order dated December 20, 2023, sanctioned the Scheme. The scheme stipulates the separation of ownership interests in TechVista Systems FZ- LLC, Systems Africa for Information Technologies (Pty.) Ltd., SYS Egypt for Information Technology Services and Systems Arabia for Information Technology (the 'Transferred Assets') from the Holding Company and the merger, amalgamation and transfer to, and vesting in SVPL of the same. SVPL may at its discretion hold the Transferred Assets directly or through any nominee being its wholly owned subsidiary. SVPL shall allot and issue 66,860,284 fully paid up ordinary shares of Rs 10 each to the Holding Company for the transferred assets. These consolidated financial statements do not include the impact of the Scheme as the Company is in the process of obtaining approvals of the change of shareholding from the respective corporate regulators as of the reporting date.

1.3 Associated Companies

1.3.1 SalesFlo (Private) Limited

SalesFlo (Private) Limited, a private limited Company registered under the Companies Act, 2017 and incorporated on January 28, 2015, is a 20% (2022: 20%) owned associate of Systems Limited which provides

services of software designing, development, implementation, maintenance, testing and benchmarking, and to provide internet/web-based applications. The Group acquired interest in SalesFlo (Private) Limited on July 19, 2021 through its wholly owned subsidiary, Systems Ventures (Private) Limited. Accordingly, the results of SalesFlo (Private) Limited have been accounted for using the equity method of accounting in these consolidated financial statements using consistent accounting policies of the Holding Company.

1.3.2 E-Processing Systems B.V.

E-Processing Systems B.V, a private limited Company, incorporated on October 08, 2021 in Netherlands, is a 30.9% (2022: 44.60%) owned associate of Systems Limited which is primarily aimed at attracting foreign investment. The results of E-Processing Systems B.V. have been accounted for using the equity method of accounting in these consolidated financial statements using consistent accounting policies of the Holding Company. During the year, due to conversion of preference shares to ordinary shares pertaining to Melinda & Gates Foundation in EPBV., the shareholding of Systems Limited has been diluted and the revised shareholding is 30.90%.

1.4 Geographical location and addresses of major business units of the Group are as under:

Business Units	Geographical Location	Address
Head Office	Lahore	E-1, Sehjpal, Near DHA Phase-VIII (Ex-Air Systems Limited Avenue), Lahore Cantt.
Regional Office Systems Limited	Karachi	Plot No. 11-B, Muhammad Ali housing Society, Fatima Jinnah Road, Karachi
Regional Office Systems Limited	Karachi	Plot No.ST-2 & 3, Block-E, Sir Shah Muhammad Suleman Road, Gulshan-e-Iqbal, Block-14, Karachi
Regional Office Systems Limited	Islamabad	Plot No. 21, 1st Floor Fazeelat Arcade, Sector G-11 Markaz, Islamabad
Regional Office Systems Limited	Islamabad	Amazon Mall, 7th Floor, NH 5, Sector A DHA Phase II, Islamabad
Regional Office Systems Limited	Multan	Plot No. 842/23 near Northern Bypass Chowk, Bosan Road, Multan
Regional Office Systems Limited	Faisalabad	Old Ehsan Yousaf Building East Canal Road, near Jhal Khanuwana, Faisalabad
BPO Office Systems Limited	Lahore	Commercial building Plaza No 1, Block -CCA, Phase 8C, DHA Lahore Cantt
Dubai Office TechVista Systems FZ LLC	Dubai	TechVista Systems FZ LLC, Unit 105, Building 11, Dubai Internet City, Dubai Creative Clusters Authority, Dubai, United Arab Emirates
Dubai Office TechVista Systems LLC	Dubai	TechVista Systems LLC, Office 1905, Regal Tower Business Bay, Dubai, UAE
Dubai Office TechVista Manpower LLC	Dubai	TechVista Systems MP LLC, Office 603, 6th Floor, Exchange Tower, Business Bay, Dubai, UAE
Systems Ventures (Private) Ltd.	Lahore	E-1, Sehjpal, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt.

Systems Australia for Information Technology Pty Limited	Australia	G Seat 3', 30 Cowper Street, Parramatta NSW 2150
Systems Arabia for Information Technology	Kingdom of Saudi Arabia	Anas Ibn Malik Road, Al Malqa, Riyadh
Systems APAC for Information Technology Pte. Ltd.	Singapore	30 Cecil Street, #19-08 Prudential Tower, Singapore 049712
Systems International IT Pte. Ltd.	Singapore	30 Cecil Street, #19-08 Prudential Tower, Singapore 049712
SYS Egypt for Information Technology Services	Egypt	'Building B 2116, the Smart Village, 28 Kms, Cairo-Alexandria Desert Road, Giza, Egypt
Systems Africa for Information Technologies Pty. Ltd.	South Africa	Central Office Park No.4, 257 Jean Avenue, Centurion, 0157, PO Box 7750, Centurion, 0046
National Data Consultancy FZE	UAE	P.O Box 42741, Hamriyah Free Zone, Sharjah, UAE
NdcTech APAC Pte. Ltd.	Singapore	68 Circular Road #02-01, Singapore
National Data Consultant (Private) Limited	Pakistan	Plot no 2-C, Lane no 12, Nishat Commercial Area, DHA Phase VI, Karachi.
E-Processing Systems B.V.	Netherlands	Edvard Munchweg 14 B, 1328 MA Almere
Treehouse Consultancy LLC	UAE	Office No. 3204 Latifa Tower, Sheikh Zayed Road, Dubai, United Arab Emirates
E-processing Systems (Private) Limited	Pakistan	Suite # 201, 202, 2nd Floor Office Block, Penta Square CCA, Sector C, DHA Phase 5, Lahore, Pakistan
TechVista Information Technology W.L.L.	Qatar	TechVista IT WILL, Head Office Palm Towers B, Floor 41, Westbay, Doha, Qatar

Geographical location and address of SUS (Private) Limited and Systems Holdings (Private) Limited is the same as that of the Holding Company

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 comprise of:

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act) ; and
- Provisions of and directives issued under the Act.

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

2.1.1 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the Group's consolidated financial statements covering annual periods, beginning on or after the following dates:

2.1.2 Standards, amendments and interpretations to approved accounting standards that are effective in current year

There are certain amendments to the accounting and reporting standards which became applicable to the Group on January 1, 2023. However, these amendments do not have any significant impact on the Group's consolidated financial statements.

In addition to the above, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2 'Making Materiality Judgements') from January 1, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that users need to understand other information in the consolidated financial statements.

2.1.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 01, 2024 or later periods, but the Company has not early adopted them:

Standards or Interpretation	Effective date Accounting periods beginning on or after:
Amendments to IFRS 16, 'Leases' related to sale and lease back after the date of transaction	January 01, 2024
Amendments to IAS 1, 'Presentation of financial statements' related to non current liabilities with covenants	January 01, 2024
Amendments to IAS 7, 'Statement of Cash Flows', IFRS 7, 'Financial Instruments: Disclosures' on changes regarding supplier finance arrangements	January 01, 2024
Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' related to lack of exchangeability"	January 01, 2025
IFRS 17, 'Insurance Contracts	January 01, 2026

2.1.4 The management anticipates that the adoption of above standards, interpretations and amendments in future periods will have no material impact on the consolidated financial statements other than in presentation / disclosures.

3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except, as otherwise stated in these consolidated financial statements.

3.1 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

3.2 Use of estimates and judgments

The Group's significant accounting policies are stated in Note 5. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

3.2.1 Provision for taxation (Note 5.1)

The Group takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its views on items of material nature are in accordance with law, the amounts are shown as contingent liabilities.

3.2.2 Useful lives and residual values of property and equipment and intangibles (Note 5.2)

The Group reviews the useful lives and residual values of property and equipment and intangibles at each reporting date. Any change in estimates in future years might affect the carrying amounts of respective items of property and equipment and intangible with a corresponding effect on the depreciation / amortization charge and impairment.

3.2.3 Expected credit losses (Note 5.5.1)

The Group uses a provision matrix to calculate Expected Credit Losses (ECLs) for trade debts and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, and customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information which includes forecast economic conditions. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. For financial institutions with available credit ratings, provision is calculated on the basis of the available rating. For certain related parties for which provision matrix may not be considered suitable based on management's judgement, expected credit loss is recognized on the basis of their ability to pay or present value of projected cashflows based on a probability weighted estimate.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future.

3.2.4 Revenue recognition (Note 5.8)

3.2.4.1 Identification of distinct performance obligations

For contracts with multiple components to be delivered, the Group applies judgement to determine performance obligations which are distinct; or not distinct, which are aggregated with other performance obligations until a bundle is identified that is distinct.

3.2.4.2 Estimating stand-alone selling prices of performance obligations

The Group determines stand-alone selling prices of all performance obligations in a bundled contract, which include sale of license, implementation, support, warranty and training.

3.2.4.3 Stage of completion

In cases where performance obligation is satisfied over time, the Group determines stage of completion on the basis of cost incurred to date as a percentage of total estimated cost to deliver the performance obligations.

3.2.5 Determining the lease term of contracts with renewal options (Note 5.9)

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 has the option, under some of its leases to lease the assets for an additional term. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew i.e. it considers all relevant factors that create an economic incentive for it to exercise the renewal. 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).

3.2.6 Provisions (Note 5.1)

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

3.2.7 Share based payment

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Group measures the fair value of equity-settled transactions with employees at the grant date using a Black Scholes Model. The assumptions used for estimating fair value for share-based payment transactions are disclosed in Note 23.2.5.

3.2.8 Impairment assessment of investment in associates

The carrying amounts of investment in associates, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the investment in associate's recoverable amount is estimated. The recoverable amount of investment in associate is the greater of its value in use and its fair value less costs to sell. Where the fair value less costs of disposal cannot be determined, the recoverable amount is determined by estimating the investment's value in use.

3.2.9 Impairment assessment of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. These growth rates are consistent with the sector/industry in which each CGU operates. The assumptions used for estimating value in use for goodwill are disclosed in Note 8.7.

4 Principles Of Consolidation

The consolidated financial statements include the financial statements of Systems Limited and its subsidiary companies, here-in-after referred to as "the Group".

4.1 Subsidiaries

A Company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Holding Company obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding

Company, using consistent accounting policies.

All inter-Company balances, transactions and unrealized gains and losses resulting from inter-Company transactions and dividends are eliminated in full.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in the consolidated financial statements.

4.2 Non-controlling interest

Non-controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the Group either directly or indirectly. Non-controlling interest is presented as a separate item in the consolidated financial statements. The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interest result in gains and losses for the Group and are recorded in the consolidated statement of changes in equity.

4.3 Investment in associates and joint ventures

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 or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture 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 or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

5 Material Accounting Policy Information

The material accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

5.1 Taxation

5.1.1 Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed or changes in laws made during the year for such years.

5.1.2 Deferred

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 consolidated statement of profit or loss and other comprehensive income, except in the case of items credited or charged to equity in which case it is included in equity.

The carrying amount of deferred tax assets is reviewed at statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of deferred tax asset to be utilised.

5.1.3 Sales Tax

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

- When the sales tax incurred on 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.

5.2 Property and equipment

5.2.1 Operating fixed assets

Property and equipment are stated at cost less accumulated depreciation and any identified impairment loss except for freehold land which is stated at cost less any recognised impairment loss. Cost of operating fixed assets consist of purchase cost, borrowing cost pertaining to construction period and other directly attributable cost of bringing the asset to working condition. Subsequent costs are included in the assets carrying amount or recognized as 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 repair and maintenance costs are charged to consolidated statement of profit or loss during the period in which they are incurred.

Depreciation on operating fixed assets is charged to consolidated statement of profit or loss by applying the straight line method on pro rata basis so as to write off the historical cost of the assets over their estimated useful lives at the rates given in Note 7.1. Depreciation charge commences from the month in which the asset is available for use and continues until the month of disposal.

The assets residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Group's estimate of the residual value of its operating fixed assets as at December 31, 2022 has not required any adjustment as its impact is considered insignificant.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Profit or loss on disposal of operating fixed assets represented by

the difference between the sale proceeds and the carrying amount of the asset is included in income.

An item of property and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in consolidated statement of profit or loss in the year the asset is de-recognised as an income or expense.

5.2.2 Capital work in progress

Capital work in progress represents expenditure on property and equipment which are in the course of construction and installation. Transfers are made to relevant property and equipment category as and when assets are available for use.

Capital work-in-progress is stated at cost less identified impairment loss, if any.

5.3 Investments

The management determines the classification of its investments at the time of purchase depending on the Group's business model for managing the financial assets and their contractual cash flow characteristics. Investments intended to be held for less than twelve months from the statement of financial position date or to be sold to raise operating capital are included in current assets as explained in note 5.7. All other investments are classified as non-current assets.

5.3.1 Investments in equity instruments of subsidiaries and associates

Investments in subsidiaries and associates where the Group has significant influence are measured at cost in the Group's separate financial statements in accordance with IAS-27 'Consolidated and separate financial statements'.

The Group is required to publish consolidated financial statements along with its separate financial statements, in accordance with the requirements of IFRS 10 'Consolidated Financial Statements' and IAS 27 'Consolidated and separate financial statements'. Investments in associates, in the consolidated financial statements, are being accounted for using the equity method.

5.4 Cash and cash equivalents

Cash and cash equivalents are stated in the consolidated statement of financial position at amortized cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand, cheques / demand draft in hand and deposits in the bank.

5.5 Trade debts

Trade debts from customers are stated at amortized cost less expected credit losses

5.5.1 Expected credit losses

Expected credit losses are calculated as a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Group in accordance with the contract and cash flows that the Group expects to receive). (Refer to note 5.7.4 for detailed policy for impairment of financial assets).

5.6 Trade and other payables

Liabilities for trade and other payable are recognised initially at their fair value and subsequently measured at amortised cost.

5.7 Financial instruments - Initial recognition and subsequent measurement

5.7.1 Initial Recognition

Regular way purchase and sale of financial assets and financial liabilities is accounted for at the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

5.7.2 Classification

5.7.2.1 Classification of financial assets

The Group classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortized cost.

The Group determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets that meet the following conditions are subsequently measured at FVTOCI:
 - the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

5.7.2.2 Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

5.7.3 Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income / (loss).

ii) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus transaction costs, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of profit or loss. Realized and unrealized gains and losses

arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statement of profit or loss in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Group's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

5.7.4 Impairment of financial assets

The Group recognizes loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortized cost at an amount equal to life time ECLs except for the following, which are measured at 12 month ECLs:

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument has not increased since the inception.)

- other short term loans and receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade debts are always measured at an amount equal to life time ECLs. Life time ECLs are the ECLs that result from all possible defaults events over the expected life of a financial instrument. 12 month ECLs are portion of ECLs that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Group in accordance with the contract and cash flows that the Group expects to receive).

The Group considers that a financial asset is in default when contractual payments are 360 days past due except for trade debts from related parties for which default is evaluated on case to case basis. The definition is based on the Group's internal credit risk management policy. Financial assets are written off when there is no reasonable expectation of recovery. The Group categorises a financial asset for write off when a counter party fails to make contractual payments for more than 360 days past due except for trade debts from related parties for which write off is evaluated on case to case basis.

5.7.5 Derecognition

i) Financial assets

The Group derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in consolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to consolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to equity.

ii) Financial liabilities

The Group derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of profit or loss and other comprehensive income.

5.7.6 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if the Group has legally enforceable right to offset the recognized amounts and the Group intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

5.8 Revenue recognition

Revenue recognized in any period is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. For contracts with multiple components to be delivered, management applies judgement to consider whether those promised goods or services are: (i) distinct – to be accounted for as separate performance obligations; (ii) not distinct – to be combined with other promised goods or services until a bundle is identified that is distinct; or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception the total transaction price is estimated, which is allocated to the identified performance obligations in proportion to their relative standalone selling prices and revenue is recognized when (or as) those performance obligations are satisfied.

For each performance obligation, the Group determines if revenue will be recognized over time or at a point in time. Where the Group recognizes revenue over time this is due to any of the following reasons: (i) the Group performing and the customer simultaneously receiving and consuming the benefits provided over the life of the contract, (ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (iii) the Group's performance creates an asset with no alternative use, and the Group has an enforceable right to payment for performance completed to date.

For each performance obligation to be recognized over time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the goods or services to the customer. The Group applies the relevant input method consistently to similar performance obligations as it faithfully depicts actual efforts made by the Group to satisfy performance obligations and to transfer services to end customer. Moreover, information required for input method can be measured reliably. If performance obligations in a contract do not meet the over time criteria, the Group recognizes revenue at a point in time when obligations under the terms of the contract with the customer are satisfied.

Changes in estimates of measures of progress of performance obligations satisfied over time are recognized on a cumulative catch-up basis, which recognizes in the current period the cumulative effect of any changes on current and prior periods based on a performance obligation's percentage of completion.

For each of its contracts, the Group considers whether it is a principal or an agent 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 (including discretion in establishing the price) before transferring them to the customer.

The Group disaggregates revenue from contracts with customers by contract type, geographical markets and timing of revenue recognition, as management believes this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors. The revenue recognition policy relevant to each contract type is as below:

5.8.1 Outsourcing services

Outsourcing services include business process outsourcing services (BPO) and IT services. Revenue is recognized under each category as below:

a) BPO services

The performance obligation of the Group is to perform the various business activities outsourced by the customers. Revenue is recognized over time on the basis of activities performed, as the customer simultaneously receives and consumes the benefits provided by the Group's performance.

b) IT Services

The performance obligation of the Group is to make available the resources to perform various IT services as per the requirement of the customer. Resource efforts are controlled by the customer and revenue is recognized over time on the basis of hours of resources made available to the customer, as the customer simultaneously receives and consumes the benefits provided by the Group's performance.

5.8.2 Hardware trading

Hardware trading represents the sale of hardware. Revenue is recognized at the point in time when obligations under the terms of the contract with the customer are satisfied; generally this occurs when the hardware is delivered to the customer.

5.8.3 Software trading and implementation

For software trading where no implementation is involved, revenue is recognized at the point in time when the software is delivered to the customer.

For contracts that involve both trading of software license and its implementation, the Group makes judgments in determining whether the software implementation and software license are distinct and thus separate performance obligations or part of the bundle and thus a single performance obligation depending upon the level of customization involved and other key factors surrounding each contract. Where software license and implementation are considered distinct and separate performance obligations, the trading license revenue is recognized at the point in time while the revenue relating to implementation is recorded over time during the implementation period. Where software license and implementation are considered a single performance obligation, the revenue relating to both trading license and implementation is recorded over time during the implementation period. Implementation generally comprises of customization of existing technology, development and integration of tech platforms and enabling digital transformation of companies through specific technologies.

The Group uses input method for measuring percentage of completion (PoC) by taking into account the cost incurred to date as a percentage of total budgeted cost.

The Group has assessed that maintenance and support is a performance obligation that can be considered capable of being distinct and separately identifiable in a contract. These recurring services are substantially the same as the nature of the promise is for the Group to 'stand ready' to perform maintenance and support when required by the customer. Time-based measure of progress is used for such services since it best reflects the Group's efforts in satisfying the performance obligation.

5.8.4 Contract Assets

A contract asset is initially recognized for revenue earned because the receipt of consideration is conditional on successful completion of the milestones as per contract. Upon completion of the milestone and acceptance by the customer, the amount recognized as contract assets is reclassified to trade debts.

5.8.5 Contract Liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the related goods or services are transferred. Contract liabilities are recognized as revenue as and when performance obligations are delivered under the contract.

5.9 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group has elected to apply the practical expedient for not recognising right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

Extension and termination options are included in a number of leases. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of termination options held are exercisable only by the Group and not by the respective lessor while the extension options are generally exercisable with the mutual consent of both the Group and the lessor.

5.9.1 Right-of-use assets

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

5.9.2 Lease liabilities

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

Lease payments include fixed payments, variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is re-measured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in statement of profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

5.10 Provisions and contingencies

Provisions are recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect 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.

5.11 Staff benefits

The Group has the following plans for its employees:

5.11.1 Provident fund

The Holding Company operates a funded recognized provident fund contribution plan which covers all permanent employees. Equal contributions are made on monthly basis both by the Holding Company and the employees at the rate of 10% of basic salary.

5.11.2 Employees' share option scheme

The Group operates an equity settled share based Employees Stock Option Scheme. The compensation committee of the Board of Directors of the Holding Company evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of the Holding Company's shares at a price determined on the date of grant of options.

At the grant date of share options to the employees, the Group initially recognizes employee compensation expense with corresponding credit to equity as employee compensation reserve at the fair value of option at the grant date. The fair value of options determined at the grant date is recognized as an employee compensation expense on a straight line basis over the vesting period. Fair value of options is arrived at using Black Scholes pricing model.

When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

5.11.3 Gratuity

Gratuity is given to employees of certain subsidiaries i.e. (TechVista Systems FZ- LLC, TechVista Information Technology W.L.L., Treehouse Consultancy LLC and Systems Arabia for Information Technology).

An unfunded gratuity scheme is operated for all permanent employees of the afore-mentioned companies who have attained the minimum qualifying period. The Group's obligation is determined through actuarial valuations carried out periodically under the 'Projected Unit Credit Method'. The latest valuation was carried out as at December 31, 2023. The results of valuation are summarized in note 28. Current service cost, past service cost and interest cost is recognized in the consolidated statement of profit or loss. Actuarial gains and losses arising at each valuation date are recognized fully in the other comprehensive income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the year in which they arise. Past service costs are recognized immediately in income.

5.11.4 Interest free loans to employees

The Holding Company provides interest free loans to its employees for purchase of vehicles and other purposes. The loans are initially recognized at fair value which is the present value of future deductions to be made from employees' salaries, discounted at the market interest rate. The difference between fair value of the interest free loan and principal amount at initial recognition is recorded as a deferred employee benefit. The loan is subsequently measured at amortized cost with respective finance income to be recorded in the consolidated statement of profit or loss. In addition, the deferred employee benefit is amortized equally over the life of the loan and the amortization is recorded in the consolidated statement of profit or loss.

5.12 Earnings per share

The Group presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary shareholders of the Holding Company (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.

5.13 Segment reporting

The Chief Operating Decision Maker (CODM), who is identified as the Group's Chief Executive Officer (CEO), plays a crucial role in assessing the company's performance and resource allocation. Initially, the CODM's

focus was on reviewing the company's operating segments based on geographical regions. However, due to a realignment of the group's strategy, the CODM's approach has shifted toward monitoring segments based on industry verticals.

The Group's realigned strategy is centered around achieving maximum growth and increasing operational efficiency. By transitioning from a geographical focus to an industry vertical focus, the Group aims to capture synergies through the cross-selling of technologies and solutions across different verticals. This approach allows the Group to leverage its expertise and capabilities more effectively across various sectors.

With a focus on industry verticals, the CODM gains a more transparent view of the Group's operations. This includes recognizing and assessing synergies achieved by introducing and integrating technologies and services across different verticals. The Group can also better understand its competitive footprint within each vertical, identifying areas where it can capitalize on its strengths. Moreover, the emphasis on industry verticals highlights the importance of expanding within sectors that offer higher margins, indicating a strategic approach to revenue generation and profitability.

Shifting toward industry verticals prompts the Group to reevaluate its global resources in alignment with the specific needs and growth potential of each vertical. This means that the Group will strategically allocate its resources, such as talent, technology, and investments, to effectively capitalize on growth opportunities within each sector. This dynamic resource allocation supports the Group's overarching strategy of maximizing growth and efficiency.

Although the Group still reports geographical segments to the CODM, these are no longer the primary focus of the Group's operations and reporting. Instead, the four primary segments now revolve around industry verticals, reflecting the Group's strategic shift:

- Banking Financial Services & Insurance (BFSI): This segment likely includes activities related to banking, financial services, and insurance.
- Retail & CPG (Consumer Packaged Goods): This segment encompasses retail operations and consumer goods.
- Telco (Telecommunications): This segment involves telecommunications services and technologies.
- Technology : This segment includes technology-related solutions , products and services.
- Others: This catch-all category may include any remaining segments that don't fall into the specific verticals mentioned above.

The segment information relating to the corresponding period has been restated to reflect the rearrangement of segments as detailed above.

5.14 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the liabilities incurred to the former owners of the acquired business, fair value of any asset or liability resulting from a contingent consideration arrangement, fair values of the assets transferred; and equity interests issued by the Group.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise the accounting for business combination. Identified assets acquired, liabilities assumed or incurred have been carried at fair value as at the acquisition date. The fair valuation exercise is required to be finalized within a period one year of acquisition date. Any adjustment arising at the time of finalization of this exercise is incorporated with retrospective effect from the date of acquisition.

5.15 Intangibles

Intangible assets acquired from the market are carried at cost less accumulated amortization and any impairment losses.

Expenditure on research (or the research phase of an internal project) is recognized as an expense in the period in which it is incurred;

Development costs incurred on specific projects are capitalized when all the following conditions are satisfied:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale.
- The Group intends to complete the intangible asset and use or sell it.
- The Group has the ability to use or sell the intangible asset.
- Intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The Group's ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by the management. Development costs not meeting the criteria for capitalization are expensed as incurred.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using straight line method at the rates given in Note 8.3. Full month amortization is charged in month of acquisition and no amortization is charged in month of disposal.

The Group assesses at each reporting date whether there is any indication that intangible assets 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 amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in consolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

5.16 Impairment of non-financial assets

The carrying amounts of non-financial assets other than deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated

statement of profit or loss.

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

6 Summary of Other Accounting Policies

Other than material accounting policies applied in the preparation of these consolidated financial statements are set out below for ease of user's understanding of these consolidated financial statements. These policies have been applied consistently for all periods presented, unless otherwise stated.

6.1 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Group undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- a) Its assets, including its share of any assets held jointly;
- b) Its liabilities, including its share of any liabilities incurred jointly;
- c) Its revenue from the sale of its share of the output arising from the joint operation;
- d) Its share of the revenue from the sale of the output by the joint operation; and
- e) Its expenses, including its share of any expenses incurred jointly

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. When Group transacts with a joint operation in which a Group is a joint operator, the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's standalone financial statements only to the extent of other parties' interests in the joint operation. When Group transacts with a joint operation in which Group is a joint operator, the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

The Group has interest in joint operation UUS Joint Venture (Private) Limited, a Group set up specifically for executing multi-year contract "Package 04A – Airport Information Management System (AIMS)", a turnkey project for New Islamabad International Airport by Pakistan Civil Aviation Authority.

6.2 Foreign currency transactions

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange prevailing at the reporting date. Transactions during the year are converted into Rupees at the exchange rate prevailing at the date of such transaction. All exchange differences are charged to the consolidated statement of profit or loss.

On consolidation, the assets and liabilities of foreign operations are translated into Pak Rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average rates prevailing during the year. The exchange differences arising on translation for consolidation are recognized in consolidated other comprehensive income. On disposal of a foreign operation, the component of consolidated other comprehensive income relating to that particular foreign operation is recognized in the consolidated statement of profit or loss.

6.3 Advances and deposits

Advances are recognized at nominal amount which is the fair value of considerations to be received in

future. Trade deposits with no fixed repayment date are measured at cost being amount paid on initial recognition. Fair value of these deposits is not considered to be materially different from cost.

6.4 Other income

Profit on deposit accounts and gain on short term investments and other income is recognized using effective interest rate.

Gains / (losses) arising on revaluation of securities classified as fair value through profit or loss are included in the consolidated statement of profit or loss in the period in which they arise.

6.5 Finance costs

Finance cost is charged to consolidated statement of profit or loss in the year in which it is incurred.

6.6 Dividends and appropriation reserves

Dividends and other 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 financial statements.

7 Property and equipment

	Note	2023	2022
Operating fixed assets	(7.1)	3,740,581,192	2,699,160,711
Capital work in progress	(7.1.4)	-	243,438,638
		3,740,581,192	2,942,599,349

Operating fixed assets

	Land - freehold	Building on freehold land	Computers	Computer equipment and installations	Other equipment and installations	Generators and transformer	Furniture and fittings	Vehicles	Office equipment	Leasehold Building - Improvements	Total
Rupees											
At December 31, 2023											
Cost	592,234,914	735,539,849	2,308,768,290	716,637,478	384,719,195	166,004,033	416,826,606	156,169,009	71,927,440	300,340,690	5,849,167,504
Accumulated Depreciation	-	(86,437,849)	(1,086,007,365)	(288,034,297)	(185,742,363)	(61,618,312)	(126,018,732)	(107,787,666)	(38,719,914)	(128,219,814)	(2,108,586,312)
Net book value	592,234,914	649,102,000	1,222,760,925	428,603,181	198,976,832	104,385,721	290,807,874	48,381,343	33,207,526	172,120,876	3,740,581,192
For the year ended December 31, 2023											
Opening net book value	592,234,914	505,698,559	754,102,805	168,822,414	145,888,835	94,348,827	181,239,103	59,754,454	35,059,984	162,010,816	2,699,160,711
Additions (at cost)	-	160,120,890	855,933,606	416,996,325	110,673,686	24,723,737	143,662,315	18,080,710	4,522,055	51,654,963	1,786,368,287
Disposal	-	-	(24,906,828)	(2,170,791)	(4,751,600)	-	(1,657,594)	(657,582)	(28,733)	-	(34,173,128)
Depreciation	-	(16,717,449)	(365,940,375)	(154,833,112)	(52,833,892)	(14,686,843)	(29,254,904)	(35,893,742)	(6,365,322)	(41,544,903)	(718,070,542)
Exchange differences	-	-	3,571,717	(211,655)	(197)	-	(3,181,046)	7,097,503	19,542	-	7,295,864
Closing net book value	592,234,914	649,102,000	1,222,760,925	428,603,181	198,976,832	104,385,721	290,807,874	48,381,343	33,207,526	172,120,876	3,740,581,192
Rate of depreciation (%)	-	2.5	20 - 33	33	20 - 33	10	10 - 33	20 - 25	10 - 20	10-27	
At December 31, 2022											
Cost	592,234,914	575,418,959	1,474,169,795	302,023,599	278,797,306	141,280,296	278,002,931	131,648,378	67,414,576	248,685,727	4,089,676,481
Accumulated Depreciation	-	(69,720,400)	(720,066,990)	(133,201,185)	(132,908,471)	(46,931,469)	(96,763,828)	(71,893,924)	(32,354,592)	(86,674,911)	(1,390,515,770)
Net book value	592,234,914	505,698,559	754,102,805	168,822,414	145,888,835	94,348,827	181,239,103	59,754,454	35,059,984	162,010,816	2,699,160,711
For the year ended December 31, 2022											
Opening net book value	394,038,279	520,764,464	480,273,441	96,776,514	65,419,282	67,751,563	75,623,861	249,549,298	22,960,411	55,829,979	2,028,987,092
Additions (at cost)	198,196,635	3,497,401	451,285,599	165,835,329	119,986,658	36,222,623	114,213,394	15,982,920	5,173,932	108,912,405	1,219,306,896
Acquisition of subsidiary	-	-	28,673,080	10,221,412	5,156,208	2,989,783	13,330,409	188,443	10,319,102	-	70,878,437
Disposal of subsidiary	-	(4,214,000)	(30,875,633)	(1,671,326)	(708,741)	-	(3,270,440)	(147,416,196)	(27,474)	-	(188,183,810)
Depreciation	-	(14,349,306)	(239,721,494)	(68,271,205)	(44,577,629)	(12,615,142)	(19,257,586)	(39,296,037)	(4,583,863)	(29,069,225)	(471,741,487)
Exchange differences	-	-	64,467,812	(34,068,310)	613,057	-	599,465	(19,253,974)	1,217,876	26,337,657	39,913,583
Closing net book value	592,234,914	505,698,559	754,102,805	168,822,414	145,888,835	94,348,827	181,239,103	59,754,454	35,059,984	162,010,816	2,699,160,711
Rate of depreciation (%)	-	2.5	20 - 33	33	20 - 33	10	10 - 33	20 - 25	10 - 20	10-27	

7.1.1 The cost of operating fixed assets includes assets amounting to Rs 607.20 million (2022: Rs 521.25 million) with nil book value.

7.1.2 Immovable fixed assets include free-hold land and building situated at E-1, Sehjpal, Near DHA Phase-VIII (Ex- Air Avenue), Lahore Cantt. Total area of land is 21.42 kanals (2022: 21.42 kanals).

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyer
Rupees							
Vehicles							Employees
Toyota Corolla	2,335,290	(1,120,451)	1,214,839	2,513,460	1,298,621	Company Policy	Habib Ahmad
Honda Civic	3,504,000	(1,810,400)	1,693,600	3,565,168	1,871,568	Company Policy	Muh. Talha Mashkooor
Toyota Corolla	2,023,098	(1,037,002)	986,096	1,606,450	620,354	Company Policy	Abid Hanif
Toyota Corolla	2,586,150	(1,666,002)	920,148	2,586,150	1,666,002	Company Policy	Moh. Wasif Sheikh
Honda City	2,376,930	(1,545,023)	831,907	2,436,840	1,604,933	Company Policy	Pool Services
Honda City	2,376,930	(1,223,965)	1,152,965	2,314,980	1,162,015	Company Policy	Tauqeer Ahmed
Honda Civic	3,627,180	(1,874,043)	1,753,137	3,505,020	1,751,883	Company Policy	Usman Ur Rehman Ahmed
Honda Civic	3,793,080	(1,732,345)	2,060,735	3,505,020	1,444,285	Company Policy	Hammad Karamat Dar
Toyota Corolla	2,420,170	(1,055,367)	1,364,803	2,315,040	950,237	Company Policy	Ali Jawad Khalid
Honda City	2,391,400	(993,203)	1,398,197	2,326,980	928,783	Company Policy	Chaudary Mohsin Akram
Toyota Corolla	2,402,140	(999,123)	1,403,017	2,335,020	932,003	Company Policy	Muh. Raza Sufyan Khan
Toyota Corolla	2,407,530	(959,482)	1,448,048	2,335,020	886,972	Company Policy	Muh. Akram
Honda Civic	2,612,900	(866,218)	1,746,682	2,335,020	588,338	Company Policy	Muh. Salman Iqbal
Honda City	2,406,730	(792,789)	1,613,941	2,335,020	721,079	Company Policy	Ahsan Naseer
Honda City	2,405,730	(782,277)	1,623,453	2,335,020	711,567	Company Policy	Javeria Fahad
Kia Sportage	2,410,730	(773,647)	1,637,083	2,335,020	697,937	Company Policy	Muzahir Ahmad
Honda City	2,425,590	(767,784)	1,657,806	2,396,995	739,189	Company Policy	Faiz Muhammad
Honda City	2,548,058	(805,902)	1,742,156	2,476,980	734,824	Company Policy	Muhammady Shariq
Toyota Corolla	1,587,250	(500,349)	1,086,901	1,549,020	462,119	Company Policy	Qurat Ul Ain
Toyota Corolla	2,923,000	(876,886)	2,046,114	2,923,020	876,906	Company Policy	Faraz Javed
Honda City	2,429,314	(724,016)	1,705,298	2,267,760	562,462	Company Policy	Ibrar Ahmad
Suzuki Cultus	1,828,880	(487,378)	1,341,502	1,780,020	438,518	Company Policy	Noman Ikram
Toyota Yaris	2,912,190	(776,227)	2,135,963	2,843,020	707,057	Company Policy	Saqib Amin
Toyota Corolla	2,622,190	(698,095)	1,924,095	2,497,980	573,885	Company Policy	Fareed Kamran
Honda Civic	3,941,500	(983,188)	2,958,312	3,735,000	776,688	Company Policy	Muh. Mateen Sajjad Dar
Kia Sportage	2,573,500	(621,996)	1,951,504	2,545,440	593,936	Company Policy	Naveed Ali Tahir
Toyota Yaris	2,576,790	(558,977)	2,017,813	2,503,020	485,207	Company Policy	Nawaz Sarwar
Toyota Yaris	2,552,963	(553,137)	1,999,826	2,467,020	467,194	Company Policy	Tahir Idrees
Toyota Yaris	2,620,100	(567,684)	2,052,416	2,547,000	494,584	Company Policy	Muh. Faraz Baig
Honda City	2,524,730	(545,865)	1,978,865	2,455,020	476,155	Company Policy	Hamad Ur Rehman
Toyota Yaris	3,086,000	(463,458)	2,622,542	3,004,980	382,438	Company Policy	Nadeem Pathan
Toyota Yaris	2,552,000	(467,049)	2,084,951	2,467,020	382,069	Company Policy	Ashar Badar
Toyota Yaris	2,606,290	(867,924)	1,738,366	2,606,290	867,924	Company Policy	Imtiaz Ahmed
Toyota Yaris	2,538,300	(467,905)	2,070,395	2,467,020	396,625	Company Policy	Ali motors
Toyota Corolla	2,936,790	(541,367)	2,395,423	2,863,020	467,597	Company Policy	Hammad Zafar Malik
Honda Brv	2,564,000	(429,085)	2,134,915	2,467,020	332,105	Company Policy	Shoaib Ali
Toyota Corolla	2,515,000	(420,889)	2,094,111	2,455,020	360,909	Company Policy	Rizwan Hussain
Kia Sportage	3,348,865	(560,435)	2,788,430	3,225,000	436,570	Company Policy	Muhammad Awais
Honda Civic	2,519,912	(463,708)	2,056,204	2,464,980	408,776	Company Policy	Arsalan Rashid
Toyota Yaris	2,542,750	(383,731)	2,159,019	2,467,020	308,001	Company Policy	Eraj Mehmood
Kia Picanto	2,092,500	(315,787)	1,776,713	2,053,980	277,267	Company Policy	Wasim Ahmed
Honda Civic	2,515,000	(419,452)	2,095,548	2,455,020	359,472	Company Policy	Asif Aziz Bilgrami
Toyota Aqua	3,457,800	(518,010)	2,939,790	3,343,980	404,190	Company Policy	Mujahid Naseer
Toyota Yaris	2,515,000	(336,827)	2,178,173	2,455,020	276,847	Company Policy	Saad Usmani
Toyota Yaris	2,533,000	(338,129)	2,194,871	2,467,020	272,149	Company Policy	Hasan Waleed Majal
Toyota Yaris	2,538,000	(338,800)	2,199,200	2,467,020	267,820	Company Policy	Zuhair Mamoon Mirza
Honda Civic	3,487,000	(465,025)	3,021,975	3,369,000	347,025	Company Policy	Muhammad Junaid
Kia Sportage	2,515,000	(335,822)	2,179,178	2,455,020	275,842	Company Policy	Abdullah Tayyab Farooqi
Toyota Corolla	2,515,000	(335,822)	2,179,178	2,455,020	275,842	Company Policy	Muh. Shahid Aziz
Kia Sportage	2,517,000	(295,720)	2,221,280	2,457,000	235,720	Company Policy	Waqar Ahmed Sher
Toyota Yaris	2,430,290	(281,738)	2,148,552	2,373,186	224,634	Company Policy	Umair Amir Mian
Honda Civic	2,530,000	(294,725)	2,235,275	2,455,020	219,745	Company Policy	Imran Javed Zia
Toyota Corolla	2,542,700	(252,317)	2,290,383	2,455,020	164,637	Company Policy	Syed Rizwan Hussain Agha
Toyota Corolla	2,420,000	(162,328)	2,257,672	2,344,980	87,308	Company Policy	Nayyar Mashkooor Siddiqui
Honda City	2,444,000	(122,423)	2,321,577	2,367,000	45,423	Company Policy	Gibran Akram
Kia Sportage	5,687,000	-	5,687,000	5,687,000	-	Company Policy	Anas Saghir
Honda City	3,050,000	-	3,050,000	3,050,000	-	Company Policy	Habib Ahmad
Honda City	2,460,000	-	2,460,000	2,460,000	-	Company Policy	Muh. Khalid Ameer
							Atif Faraz
Aggregate of items of property and equipment with individual book value below Rs 500,000	80,193,501	(36,704,682)	43,488,819	51,803,249	8,314,430		
Year ended December 31, 2022	309,528,833	(121,345,023)	188,183,810	271,028,089	82,844,279		

8 Intangibles

Note	Intangibles under development										
	Goodwill	License: Country Model Bank	Customer contracts	Other intangibles	Customer Lifecycle Management	Digital Wallet	Model Bank (Country Model Bank)	Retail Loan Origination System	Profitability Distribution Service Islamic	KPI Dashboard	Total
At December 31, 2023											
Cost	5,353,083,748	5,513,297,142	620,696,906	193,385,241	39,796,032	41,910,453	25,096,031	15,254,188	33,075,149	39,973,154	11,875,568,044
Accumulated amortization	-	(969,131,234)	(204,824,886)	(190,007,955)	-	-	-	-	-	-	(1,363,964,075)
Net book value	5,353,083,748	4,544,165,908	415,872,020	3,377,286	39,796,032	41,910,453	25,096,031	15,254,188	33,075,149	39,973,154	10,511,603,969
For the year ended December 31, 2023											
Opening net book value	4,367,552,719	3,075,846,719	431,161,023	13,503,017	14,089,366	21,195,367	11,750,746	-	28,574,596	-	7,963,673,553
Additions (at cost)	-	1,521,376,215	-	-	25,706,666	20,715,086	13,345,285	15,254,188	4,500,553	39,973,154	1,640,871,147
Amortization (8.2)	-	(807,360,563)	(156,404,417)	(10,125,731)	-	-	-	-	-	-	(973,890,711)
Adjustment due to (8.6.3.1)	(72,203,373)	-	72,203,373	-	-	-	-	-	-	-	-
TreeHouse purchase price allocation	-	-	-	-	-	-	-	-	-	-	-
Exchange differences	1,057,734,402	754,303,537	68,912,041	-	-	-	-	-	-	-	1,880,949,980
Closing net book value	5,353,083,748	4,544,165,908	415,872,020	3,377,286	39,796,032	41,910,453	25,096,031	15,254,188	33,075,149	39,973,154	10,511,603,969
At December 31, 2022											
Cost	4,367,552,719	3,237,617,390	479,581,492	193,385,241	14,089,366	21,195,367	11,750,746	-	28,574,596	-	8,353,746,917
Accumulated amortization	-	(161,770,671)	(48,420,469)	(179,882,224)	-	-	-	-	-	-	(390,073,364)
Net book value	4,367,552,719	3,075,846,719	431,161,023	13,503,017	14,089,366	21,195,367	11,750,746	-	28,574,596	-	7,963,673,553
For the year ended December 31, 2022											
Opening net book value	-	-	-	23,717,704	14,089,366	21,195,367	11,750,746	-	-	-	23,717,704
Additions (at cost)	-	3,237,617,390	-	-	-	-	-	-	28,574,596	-	3,313,227,465
Acquisition of subsidiaries	3,969,718,063	-	479,581,492	-	-	-	-	-	-	-	4,449,299,555
Amortization	-	(165,196,717)	(48,420,469)	(10,214,687)	-	-	-	-	-	-	(223,831,873)
Disposal	-	-	-	-	-	-	-	-	-	-	-
Exchange differences	397,834,656	3,426,046	-	-	-	-	-	-	-	-	401,260,702
Closing net book value	4,367,552,719	3,075,846,719	431,161,023	13,503,017	14,089,366	21,195,367	11,750,746	-	28,574,596	-	7,963,673,553

8.1 The cost of the intangibles includes assets amounting to Rs 163.01 million (2022: Rs 163.01 million) with nil book value.

8.2 Amortization charge for the year has been allocated as follows:

	Note	2023	2022
Cost of revenue	(34)	972,909,639	222,658,083
Selling and distribution expenses	(35)	88,053	79,799
Administrative expenses	(36)	893,019	1,093,991
		973,890,711	223,831,873

8.3 Amortization methods and useful life

The Group amortizes intangible assets with a limited useful life, using straight-line method at the following rates:

	%
Other intangibles	33
License: Country Model Bank	6.67-10
Digital E-Wallet	33
Customer contracts	20-50

8.4 Customer contracts

The customer contracts were acquired as part of business combinations. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

8.5 CMB License

This represents CMB license purchased by the Group from Temenos as referred to in note 27.

8.6 Business combinations

8.6.1 Summary of acquisition of NDC Group

On July 05, 2022, the Group acquired 100% control of NDC Group comprising National Data Consultant (Private) Limited - Pakistan, National Data Consultant FZE - UAE and NDC APAC Pte. Ltd. - Singapore. NDC Group is a systems integrator and software solutions provider with major clientele in the banking and financial services industry. The acquisition has significantly increased the Group's footprint in this industry segment. The said acquisition represents purchase of 100% shares of these entities and has been accounted for as a business combination under International Financial Reporting Standard (IFRS) 3 'Business Combinations'. A purchase price allocation exercise had been performed by management, assisted by an external expert. The primary element of the valuation exercise assessed the fair value of identifiable intangible assets in the form of software licenses of Rs 2,617.25 million, customer contracts of Rs 457 million and resultantly, the Group recognized a goodwill of Rs 3,655.86 million, in addition to the fair value of the net assets acquired.

Details of purchase consideration, the net assets acquired and goodwill were as follows:

	2022
	Rupees
Purchase consideration	
Cash consideration	2,416,303,000
Ordinary share issued	3,908,636,725
Total purchase consideration	6,324,939,725

The fair value of the 11,822,500 shares issued as part of consideration paid for 100% acquisition of NDC group (Rs 3,908.64 million) was based on published share price of Rs 330.61 per share on July 05, 2022.

The assets and liabilities recognized as a result of this acquisition were as follows:

	Fair value Rupees
Cash and bank balances	26,760,095
Receivable against services rendered	1,905,805,979
Contract assets	190,386,678
Inventory: intellectual property for trading	2,617,252,022
Advances	4,906,488
Trade deposits and short term prepayments	729,114,399
Other receivables	13,311,324
Property and equipment	68,415,095
Intangibles: customer contracts	457,000,000
Long term deposits	28,311,780
Long term loan	(14,642,516)
Deferred Liability	(236,326,234)
Trade and other payables	(3,058,461,779)
Short Term Borrowings	(60,000,000)
Accrued Markup on short term borrowings	(538,544)
Other payables	(216,400)
Net identifiable assets acquired	2,671,078,387
Add: goodwill	3,655,861,206
Net assets acquired	6,326,939,593

NDC Group is a regional market leader in the core and digital banking solution with an impressive customer base in BFS vertical and highly skilled and engaged employees. NDC Group has built a successful business, go-to-market strategy and customer portfolio which will expand and accelerate by bringing the Holding Company's resources to build on the momentum NDC Group has established. The goodwill is attributable to the assembled workforce and the high profitability potential of the acquired business of the NDC group including creating meaningful impact through synergising IT services of the Systems Group particularly in the banking industry in the regions where it operates by increasing exports, expanding domestic footprint as well as up-selling and cross-selling its existing services to the BFS customers. Goodwill relates to BFSI segment of the Group. Goodwill will not be deductible for tax purposes.

(i) Acquired receivables

The fair value of trade receivables acquired was Rs 1,905.8 million. The gross contractual amount for trade receivables due was Rs 2,078.62 million, with a loss allowance of Rs 172.81 million recognized on acquisition.

(ii) Revenue and profit contribution

The acquired business contributed a revenue of Rs 5,105.17 million and a net profit of Rs 240.62 million to the Group for the period 5 July 2022 to 31 December 2022.

8.6.2 Summary of acquisition of Techvista Information Technology WLL

Techvista Information Technology WLL ('TVSQ') was established in the State of Qatar during the year to acquire net assets from a branch of Solution Technology Qatar WLL (Soltech). The Holding Company though owns 34% shareholding of TVSQ, however, obtained full management and control through trust agreement dated February 27, 2022 which was signed by all the partners of TVSQ. Under the trust agreement the partners namely Solutions Technology Qatar WLL and Mr. Fawad Naeem Rana agreed that Systems Limited is the true and actual owner of TVSQ and all its management control is retained by Systems Limited, irrespective of the fact that Solution Technology Qatar WLL is mentioned as the majority shareholder of the company on the commercial license. The terms of the trust agreement also stated that all rights to distribution of profits and losses of the company are controlled by the Holding Company.

The said acquisition through trust agreement represents 100% control of this entity and had been accounted for as a business combination under International Financial Reporting Standard (IFRS) 3 'Business Combinations'. A purchase price allocation exercise had been performed by management, assisted by an external expert. The primary element of the valuation exercise assessed the fair value of identifiable intangible assets in the form of customer contracts of Rs 22.58 million and resultantly, the Group had recognized a goodwill of Rs 190.44 million, in addition to the fair value of the net assets acquired.

Details of purchase consideration, the net assets acquired and goodwill were as follows:

	2022
	Rupees
Purchase consideration	—
Cash Consideration	—
Share already held in the company at incorporation	3,288,745
Total purchase consideration	3,288,745

	Fair value
	Rupees
Cash and bank balances	80,684,510
Receivable against services rendered	108,391,291
Contract assets	5,488,336
Trade deposits and short term prepayments	127,284,209
Property and equipment	285,273
Intangibles: customer contracts	22,581,492
Trade and other payables	(498,544,620)
Accrued liabilities	(33,324,224)
Net identifiable assets acquired	(187,153,733)
Add: goodwill	190,442,479
Net assets acquired	3,288,746

(i) Acquired receivables

The fair value of trade receivables acquired is Rs 108.39 million. The gross contractual amount for trade receivables due is also Rs 108.39 million.

(ii) Revenue and profit contribution

The acquired business contributes a revenue of Rs 1,091.07 million and a net loss of Rs 51.07 million to the Group for the period 27 February, 2022 to 31 December, 2022.

8.6.3 Summary of acquisition of Treehouse Consultancy LLC

On 1st July 2022, the Group acquired 100% control of Treehouse Consultancy LLC, a company incorporated in UAE. The company is engaged in the business of information technology consultancy and sale of software. The said acquisition represents purchase of 100% shares of these entities and has been accounted for as a business combination under International Financial Reporting Standard (IFRS) 3 'Business Combinations'

Details of purchase consideration, the net assets acquired and goodwill were as follows:

	2022
	Rupees
Purchase consideration	
Cash consideration	385,276,805
Total purchase consideration	385,276,805

The assets and liabilities recognized as a result of this acquisition were as follows:

	Note	Fair value Rupees
Cash and bank balances		105,887,454
Receivable against services rendered		222,237,710
Intangibles: customer contracts	(8.6.3.1)	72,203,373
Trade deposits and short term prepayments		18,427,215
Property and equipment		2,178,069
Trade and other payables		(86,867,964)
Net identifiable assets acquired		334,065,857
Add: goodwill	(8.6.3.1)	51,211,005
Net assets acquired		385,276,862

(i) Acquired receivables

The fair value of trade receivables acquired was Rs 222.24 million. The gross contractual amount for trade receivables due was also Rs 222.24 million.

(ii) Revenue and profit contribution

The acquired business contributes a revenue of Rs 368.04 million and a net loss of Rs 47.19 million to the Group for the period July 01, 2022 to December 31, 2022.

8.6.3.1 Goodwill

The goodwill of Rs 123.41 million recognized on acquisition was not allocated last year to identifiable net assets. A purchase price allocation exercise has been performed by management during the year, assisted by an external expert. The primary element of the valuation exercise assessed the fair value of identifiable intangible assets in the form of customer contracts of Rs 72.20 million and resultantly, the Group recognized a goodwill of Rs 51.21 million, in addition to the fair value of the net assets acquired.

8.6.4 Purchase consideration – cash outflow

	2023
	Rupees
Net cash outflow for investing activities	1,746,121,672

Outflow of cash to acquire subsidiaries, net of cash acquired

	2022
	Rupees
Cash consideration	
Less: deferred portion of cash consideration as at 31 December 2022	2,801,579,805
Less: balances acquired	1,676,776,805
Cash	213,332,059
Bank overdraft	(60,000,000)
	153,332,059
Net cash outflow for investing activities	971,470,941

8.7 Impairment testing of goodwill

8.7.1 NDC Group

The Group includes the goodwill associated with the acquisition of NDC Group in the net assets of the Banking & Financial Services (BFSI) segment. This is because all these companies exclusively offer services and solutions to the BFSI segment. Consequently, the group assesses the impairment of goodwill related to these entities as part of the impairment test for the net assets of the BFSI segment.

Following this approach, the group identifies all directly attributable cash flows linked to the BFSI segment and projects them using assumptions approved by management. The management-approved segment cash flow projections span a five-year period. The present value of the anticipated cash flows for this segment is determined by applying a suitable discount rate of 23.85%, a terminal value of 5%, a growth rate of 22%, and an expected yearly increase in employee headcount and related payroll costs to account for inflation.

The average annual growth rate forecasted over the five-year period is based on comparative industry estimates, research papers, and management's expectations regarding market development. The discount rate reflects the specific risks inherent in the market sector and the countries in which the business operates. The terminal growth rate, which is the weighted average growth rate used to extend cash flows beyond the budget period, is consistent with forecasts included in industry and country reports.

8.7.2 Techvista Information Technology WLL Qatar

The Group includes the goodwill associated with Techvista Information Technology WLL in the net assets of the Growth segment. The impairment testing goodwill of Techvista Information Technology WLL is determined on discounted cash flow basis.

These calculations use cash flow projections based on financial budgets approved by management covering a five year period. The present value of the expected cash flows of the above segment is determined by applying a suitable discount rate of 11.6%, terminal value of 3.6% and growth rate of 24%.

Average annual growth rate forecasted over a 5-year period has been used based on comparative industry estimates, research papers and management's expectation of market development while discount rate reflects specific risks of market sector and country in which the business operates. Terminal growth rate is the weighted average growth rate used to extrapolate cash flows beyond the budget period which is consistent with forecasts included in industry and country reports.

8.7.3 Treehouse Consultancy LLC

The Group includes the goodwill associated with Treehouse Consultancy LLC in the net assets of the Banking & Financial Services (BFSI) segment. This is because Treehouse Consultancy LLC exclusively offers services and solutions to the BFSI segment. Consequently, the Group assesses the impairment of goodwill related to Treehouse Consultancy LLC as part of the impairment test for the net assets of the BFSI segment.

These calculations use cash flow projections based on financial budgets approved by management covering a five year period. The present value of the expected cash flows of the above segment is determined by applying a suitable discount rate of 11.6%, terminal value of 3.6% and growth rate of 21%.

Average annual growth rate forecasted over a 5-year period has been used based on comparative industry estimates, research papers and management's expectation of market development while discount rate reflects specific risks of market sector and country in which the business operates. Terminal growth rate is the weighted average growth rate used to extrapolate cash flows beyond the budget period which is consistent with forecasts included in industry and country reports.

9 Long term investments

	Note	2023	2022
Ordinary investment-unquoted			
Jomo Technologies (Private) Limited	(9.1)	-	154,468,912
Advance against issuance of shares			
Jugnu Technologies (Private) Limited	(9.2)	-	88,555,000
B2B Holdings (Private) Limited	(9.3)	101,886,235	-
		101,886,235	243,023,912

9.1 Jomo Technologies (Private) Limited

This represents 25,000,000 fully paid ordinary shares of Rs 10/- each, representing 8.83% (2022: 25,000,000 fully paid ordinary shares of Rs 10/- each, representing 8.83%) shares in Jomo Technologies (Private) Limited measured at fair value through profit or loss.

As at 31 December 2022, since JOMO's ordinary shares were not listed, an independent valuer was engaged by the Group who estimated a fair value of Rs 6.18 per ordinary share at the financial year end. In this connection, the valuation technique used was Discounted Free Cash Flow to Equity model for business valuation. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, long term growth rate and projected rates of increase in revenues, other income and expenses. Among other assumptions a principal assumption for long term loan injection amounting to Rs 1,510 million was assumed in the projections to finance the working capital requirement in the short to medium term.

During the year, the management of the Group has conducted a thorough review of its investment considering the deteriorating cashflow position and other relevant factors affecting the company's financial performance.

The management has identified several indicators that strongly suggest fair value loss on this investment, including but not limited to:

Significant Decline in Revenue

The company has been experiencing a significant decline in revenue and gross merchandise value for the current financial year. This adverse trend has raised considerable concerns about the operational viability of the business model in place.

Economic and Market Conditions:

The broader economic and market conditions, including an uncertain domestic economy and its planned contraction from the central bank, have negatively impacted the company's operations and sales performance.

Lack of funding

The company has been unable to arrange fresh sources of funding to keep its current business model afloat. The company is therefore facing negative cashflows which has raised concerns about the recoverability of the carrying amounts of various assets. The management initially maintained the view that the company would be able to secure the funding for working capital and there would be no significant change in their fair valuation of investment in JOMO. This funding was expected to be secured within the second half of financial year 2023. However, mounting macroeconomic challenges in the domestic market such as economic instability, inflation and currency devaluation have contributed to investor uncertainty and has created a situation where the originally planned sourced of funding for the investment's future operations can not be secured.

Following a detailed assessment, it has been determined that the carrying value of the company's assets may not be recoverable based on the indicators mentioned above. As a result, an unrealized loss amounting to Rs. 154.468 million is recognized in the financial statements for the year. This amount has been recognized as an expense in the Profit and Loss account for the year. This expense has been accounted for in the determination of the Group's net income for the period.

31st December 2023

	Long term growth rate	Cost of Equity	Projection period	Value per share	Valuation Technique used
Jomo Technologies (Private) Limited	0%	24.00%	5	NIL	Discounted Free Cash Flow to Equity

2022

	Long term growth rate	Cost of Equity	Projection period	Value per share	Valuation Technique used
Jomo Technologies (Private) Limited	5%	23.20%	7	6.18	Discounted Free Cash Flow to Equity

9.1.1 Reconciliation of gain / (loss) on re-measurement of long term investments as of the reporting date is as follows:

	2023	2022
	Rupees	
Balance as at January 01	154,468,912	-
Cost of investment	-	150,000,000
Unrealized (loss) / gain for the year	(154,468,912)	4,468,912
Balance as at December 31	-	154,468,912

9.2 This represented amount invested by the Group amounting to Rs 88.5 million against the right to purchase preference shares of Jugnu Technologies (Private) Limited through simple agreement for future equity. In case of any future equity financing by Jugnu Technologies (Private) Limited, the safe note was to be automatically converted into preference shares. During the year, the safe note was redeemed.

9.3 This represents amount invested by the Group amounting to Rs 101.9 million against the right to purchase preference shares of B2B Holdings (Private) Limited through simple agreement for future equity. In case of any future equity financing by B2B Holdings (Private) Limited, the safe note will automatically be converted into preference shares. This is carried at cost, is unsecured and carries no interest.

10 Investment in associates

	Note	2023	2022
		Rupees	
SalesFlo (Private) Limited 146,820 fully paid ordinary shares of Rs 10/- each	(10.1)	80,912,736	166,027,647
E-Processing Systems B.V. 179,507 fully paid ordinary shares of USD 0.01/- each	(10.2)	201,546,988	785,006,669
	(10.3)	282,459,724	951,034,316

10.1 SalesFlo (Private) Limited

This represents 146,280 fully paid ordinary shares of Rs 10/- each, representing 20% (2022: 146,280 fully paid shares of Rs 10/- each, representing 20%) share in the Group's associate, SalesFlo (Private) Limited, a company set up in DHA Phase 6, Karachi, to provide services of software designing, development, implementation, maintenance, testing / benchmarking and to provide internet / web based applications.

10.1.1 Movement in investment in associate is as follows:

	Note	2023	2022
		Rupees	
Cost of investment		468,000,000	468,000,000
Share of profit / (loss) from associate accounted for using the equity method	(10.1.1.1)	48,207,034	(301,602,012)
Share of other comprehensive (loss) / income from associate	(10.1.1.1)	(770,839)	(370,341)
Impairment during the year	(10.1.2)	(434,523,459)	-
		80,912,736	166,027,647

10.1.1.1 Share of loss from associate and other comprehensive income of the associated company is based on audited financial statements for the year ended December 31, 2023:

	2023	2022
	Rupees	
Total loss for the year	1,749,045,231	(1,208,820,868)
20% share of profit/(loss)	349,809,046	(241,813,913)
Other comprehensive (loss)/income for the period	(2,002,488)	(2,143,936)
20% share of OCI	(400,498)	(428,875)

10.1.2 An impairment test has been carried out for SalesFlo (Private) Limited ('Salesflo') by the management during the year due to the impairment indicators of decrease in the economic performance of Salesflo, significant change in the economic conditions and disposal of discontinued operations affecting future profitability.

The Group reviewed the carrying amount of its investment in equity instruments of Salesflo and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. The recoverable amount of investment in Salesflo has been determined based on 'value in use' of Salesflo. The 'value in use' has been worked out by the management using income approach.

As the recoverable amount of the investment worked out is lower than its carrying value, therefore, an impairment loss has been recognized in these consolidated financial statements. The recoverable amount of the investment was determined to be lower than its carrying amount by Rs 2,960 per share and the carrying amount was accordingly reduced by Rs 434.52 million which has been recognised as an expense.

10.1.3 Summarised financial information

Set out below is the summarized financial statement information of SalesFlo (Private) Limited which is accounted for using equity method. The information disclosed reflects the amounts presented in the most recent audited financial statements of the associated company, for the year ended December 31, 2023.

	2023	2022
		Rupees
Revenue	843,721,550	646,680,330
Profit / (loss) from continuing operations after tax	29,583,434	(1,208,820,868)
Profit from discontinuing operations after tax	1,719,461,797	-
OCI	(2,002,488)	(2,143,936)
Total Comprehensive Income / (loss)	1,747,042,743	(1,210,964,804)
Non-current assets	61,590,311	36,873,359
Current assets	789,535,267	486,476,883
Assets for disposal group classified as held for sale	-	1,683,695,879
Non-current liabilities	-	(1,345,599)
Current liabilities	(118,269,745)	(101,912,949)
Liabilities of disposal groups classified as held for sale	-	(2,683,401,214)
	732,855,833	(579,613,641)
Non-Controlling Interest	-	434,412,285
Advance against equity	-	-
Net assets attributable to owners of the Group	732,855,833	(1,014,025,926)

10.1.4 Reconciliation to carrying amounts

	2023	2022
		Rupees
Net assets as on January 01	(579,613,641)	542,587,540
Profit / (loss) for the year	1,749,045,231	(1,208,820,868)
Other comprehensive loss	(2,002,488)	(2,143,936)
Capital Reserves – issue of right shares	-	-
Advance against issue of share capital (NCI)	-	88,763,623
NCI derecognized/transferred during the year	(434,573,269)	-
Net assets as on December 30	732,855,833	(579,613,641)
Less : NCI	-	(434,412,285)
Net assets attributable to owners of the group	732,855,833	(1,014,025,926)
Company's percentage in shareholding	20%	20%
Company's share in carrying value of net assets	146,603,363	(202,805,185)
Excess of purchase consideration over share in carrying value of net assets at the date of acquisition"	368,832,832	368,832,832
Impairment for the year	(434,523,459)	-
Carrying amount of investment as at December 31	80,912,736	166,027,647

10.1.5 Commitments

The future aggregate payments under Ijarah agreement which are payable within 1 year are Rs 1,794,368 (2022: Nil)

10.2 E-Processing Systems B.V.

This represents 179,507 fully paid ordinary shares of USD 0.01/- each, representing 30.9% (2022: 179,507 fully paid shares of USD 0.01/- each, representing 44.6%) share in the Holding Company's associate, E-Processing Systems B.V., a company set up in Netherlands to make it easier to raise investments and funds from the investors. During the year, due to conversion of preference shares to ordinary shares pertaining to Melinda & Gates Foundation in EPBV., the shareholding of Systems Limited has been diluted and the revised shareholding is 30.90%.

10.2.1 Movement in investment in associate is as follows:

	Note	2023	2022
			Rupees
Cost of investment		889,335,703	889,335,703
Share of loss from associate	(10.2.1.1)	(503,560,170)	(105,681,830)
Share of other comprehensive income	(10.2.1.1)	(8,877,104)	1,352,796
Gain on dilution of disinvestment		119,588,349	-
Impairment during the year		(294,939,790)	-
		201,546,988	785,006,669

10.2.1.1 Share of loss from associate and other comprehensive income of the associated company is based on audited financial statements for the year ended December 31, 2023.

	2023	2022
Total loss for the period	(902,355,785)	(184,048,093)
44.6% / 30.9% (2022: 44.6%) share of loss	(397,878,340)	(82,085,449)
Other comprehensive income for the period	(23,539,558)	3,033,174
44.6% / 30.9% (2022: 44.6%) share of OCI	(10,229,900)	1,352,796

10.2.2 An impairment test has been carried out for EPBV by the management during the year due to the impairment indicators of decrease in the economic performance of EPBV and significant change in the economic conditions.

The Group reviewed the carrying amount of its investment in equity instruments of EPBV and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. The recoverable amount of investment in EPBV has been determined based on 'value in use' of E-Processing Systems Pakistan (Pvt) Limited, the only wholly owned subsidiary of EPBV. Since, EPBV does not have its own business operations, the assessment of value in use of E-Processing Systems Pakistan serves as a reflection of EPBV's value. The 'value in use' has been worked out by the management using income approach.

As the recoverable amount of the investment worked out is lower than its carrying value, therefore, an impairment loss has been recognized in these consolidated financial statements. The recoverable amount of the investment was determined to be lower than its carrying amount by Rs 1,643 per share and the carrying amount was accordingly reduced by Rs 294.94 million which has been recognised as an expense.

10.2.3 Summarised financial information of E-Processing Systems B.V.

Set out below is the summarized financial statement information of E-Processing Systems B.V. which is accounted for using equity method. The information disclosed reflects the amounts presented in the most recent audited financial statements of the associated company, for the year ended December 31, 2023.

	2023	2022
	Rupees	
Non-current assets	597,113,075	463,815,475
Current assets	846,967,608	1,673,473,736
Current liabilities	(446,424,462)	(451,494,095)
Non Current liabilities	(1,017,836,100)	(1,589,887,820)
Equity	(20,179,879)	95,907,296
Group share in equity - 44.60%	(9,000,226)	42,774,654
Revenue	276,814,979	331,790,325
Cost of sales	(151,917,656)	(197,030,444)
Distribution cost	(154,339,680)	(153,727,141)
Administrative expenses	(251,921,715)	(138,081,515)
Other income	40,466,152	71,263,690
Other operating expenses	(502,323,998)	(6,195,397)
Finance costs	(149,618,993)	(80,167,619)
Loss before tax	(892,840,911)	(172,148,101)
Taxation	(9,514,874)	(11,899,992)
Loss for the year	(902,355,785)	(184,048,093)
Other comprehensive income	(23,539,558)	3,033,174
Total comprehensive loss	(925,895,343)	(181,014,919)
Group share of total comprehensive loss	(408,108,240)	(80,732,654)

10.2.4 Commitments

Guarantees issued by financial institutions in favour of customers on behalf of the associate:

Commitment under contract for software development
 Future aggregate payments under Ijarah arrangements:
 Not later than one year
 Later than one year but not later than five years

	2023	2022
	Rupees	
	60,000,000	50,000,000
	-	812,000
	2,366,664	2,366,664
	2,761,108	5,127,772
	5,127,772	7,494,436

10.3 The investments in associated companies have been made in accordance with the requirements of the Companies Act, 2017.

11 Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	2023	2022
Cost		
Accumulated depreciation	945,479,321	835,163,169
Net book value	(293,250,267)	(255,018,430)
	652,229,054	580,144,739

These represent buildings on lease. The reconciliation of net book value is as follows:

	Note	2023	2022
Opening net book value		580,144,739	288,981,475
Additions		264,090,116	463,782,159
Depreciation for the year	(11.1)	(206,546,640)	(126,301,073)
Deletions		-	(45,144,620)
Exchange Gain/ Loss		14,540,839	(1,173,202)
Closing net book value		652,229,054	580,144,739
Rate of depreciation (%)		10-25	10-25

11.1 The depreciation charge for the year on right-of-use assets has been allocated as follows:

	Note	2023	2022
Cost of revenue	(34)	126,263,225	96,730,120
Selling and distribution expenses	(35)	748,991	627,154
Administrative expenses	(36)	79,534,424	28,943,799
		206,546,640	126,301,073

12 Long term loans considered good - secured

	Note	2023	2022
Due from executives	(12.1)	528,345,079	298,036,906

12.1 Due from executives

	Note	2023			2022
		Motor Vehicle	Other loans	Total	Total
As at January 01		366,422,329	31,728,419	398,150,748	36,796,454
Loans disbursed during the year					
Undiscounted amount paid		683,648,159	73,309,000	756,957,159	565,669,865
Deferred employee benefits	(13)	(205,209,862)	(11,122,985)	(216,332,847)	(126,682,244)
		478,438,297	62,186,015	540,624,312	438,987,621
Loans settled during the year		(106,454,793)	(5,587,980)	(112,042,773)	(22,160,270)
Unwinding of discount		75,219,404	7,715,816	82,935,220	33,789,390
Repayments		(167,655,927)	(29,899,634)	(197,555,561)	(89,262,447)
		645,969,310	66,142,636	712,111,946	398,150,748
Receivable within one year		(138,797,966)	(44,968,901)	(183,766,867)	(100,113,842)
		507,171,344	21,173,735	528,345,079	298,036,906

12.2 These interest free loans are repayable between 18 to 60 (2022: 18 to 60) months and are granted to the executives of the Company, in accordance with their terms of employment. These are secured against post dated cheques. These loans were initially recognized at fair value using effective interest rates ranging from 9.54% to 17.51% (2022: 9.54% to 14.37%). The difference between cash paid and present value of cash inflows upon initial recognition has been recognized as deferred employee benefits which is amortized on a straight line basis over the period of the loan.

13 Deferred employee benefits

	Note	2023	2022
			Rupees
As at January 01		116,831,021	13,234,193
Additions during the year		216,332,847	126,682,244
Settlements during the year		(30,930,563)	(2,545,676)
Amortization during the year		(53,010,107)	(20,539,740)
		249,223,198	116,831,021
Current portion of deferred employee benefits		(67,157,471)	(29,892,702)
		182,065,727	86,938,319

14 Long term receivable - unsecured

	Note	2023	2022
			Rupees
Opening balance		1,103,297,635	-
Undiscounted amount due		-	3,107,256,600
Less: Upfront receipt		-	(1,827,798,000)
Deferred consideration		1,103,297,635	1,279,458,600
Effect of discounting		-	(174,373,229)
Present value of long term receivable		1,103,297,635	1,105,085,371
Unwinding of discount	(39)	63,771,322	15,164,173
Receipts / Adjustments during the year		(249,157,283)	
Exchange translation differences		266,323,862	(16,951,909)
		1,184,235,536	1,103,297,635
Less: Current portion shown under current assets		(298,167,633)	(194,200,634)
		886,067,903	909,097,001

14.1 This represents payment due from Temenos Headquarters S.A for sale of intellectual property (IP). The IP sale agreement between National Data Consultancy FZE and Temenos Headquarters S.A was entered into on September 30, 2022. The agreement contains deferred payment terms, hence the IP has been recognized at present value of total consideration due as per terms. Deferred consideration has been discounted @ 5.00% based on relevant benchmark rate.

15 Long term deposits

	Note	2023	2022
			Rupees
Lease buildings			
Opening balance		19,349,849	5,708,578
Additions:			
Undiscounted amount paid			
Effect of discounting		8,764,470	22,386,180
Fair value of long term deposits		(4,344,121)	(10,375,537)
Unwinding of discount	(39)	4,420,349	12,010,643
Balance as at 31 December		3,139,937	1,630,628
		26,910,135	19,349,849
Others			
Utilities and other deposits		238,598,660	44,494,861
		265,508,795	63,844,710

16 Contract assets - unsecured

	Note	2023	2022
			Rupees
Unbilled revenue	(16.1)	7,588,322,082	2,280,413,210
Retention money		372,139,553	311,577,723
		7,960,461,635	2,591,990,933

16.1 Unbilled revenue

	Note	2023	2022
			Rupees
Export		6,114,310,931	1,197,793,789
Local		1,553,154,066	1,115,459,506
		7,667,464,997	2,313,253,295
Less: Allowance for ECL	(16.1.3)	(79,142,915)	(32,840,085)
	(16.1.4)	7,588,322,082	2,280,413,210

16.1.2 The maximum aggregate amount outstanding by reference to month-end balances was as follows:

	Note	2023	2022
		Rupees	
Visionet Inc.		-	3,636,213
Visionet Deutschland GMBH		-	-
Visionet EMEA Limited		-	-

16.1.3 Allowance for ECL

	Note	2023	2022
		Rupees	
Balance as at January 01		32,840,085	22,232,457
Expense for the year - net		126,299,528	10,607,628
Balances written off		(81,465,565)	-
Foreign exchange movement		1,468,867	-
Balance as at December 31		79,142,915	32,840,085

16.1.4 These represent unbilled debtors arising due to recognition of revenue upon delivery of performance obligations as per contract on the basis of percentage of completion as per IFRS 15 - Revenue from contracts with customers.

17 Trade debts - unsecured

	Note	2023	2022
		Rupees	
Considered good - unsecured:			
Export	(17.1)	10,338,403,980	6,879,808,724
Local		2,645,877,618	1,975,980,356
		12,984,281,598	8,855,789,080
Less: Allowance for ECL	(17.2)	(277,466,315)	(360,942,070)
		12,706,815,283	8,494,847,010

17.1 These include unsecured receivables from related parties against export of outsourcing services. As per contracts with related parties, billing terms range from monthly to quarterly basis and payment is generally due within 120 days from the date of billing. The receivables from related parties include past due balances which are not considered impaired. Detail of related party balances along with aging analysis of the amounts is as follows:

	2023					
	AtClose LLC	PartnerLinQ Incorporation	Visionet Canada Incorporation	Visionet EMEA Limited	Visionet Systems Incorporation - USA	Visionet Deutschland GMBH
Not Past Due	107,503,341	308,546,855	3,159,546	314,854,079	2,651,891,528	-
Past due 0-90 days	14,109,226	-	4,099,773	95,519,764	63,379,427	-
Past due 91-180 days	-	-	-	-	-	-
Past due 181-270 days	-	-	-	789,782	-	-
Past due 271-360 days	-	-	-	-	-	-
Past due 361 days and above	-	-	-	-	-	-
	121,612,567	308,546,855	7,259,319	411,163,625	2,715,270,955	-

	2022					
	AtClose LLC	PartnerLinQ Incorporation	Visionet Canada Incorporation	Visionet EMEA Limited	Visionet Systems Incorporation - USA	Visionet Deutschland GMBH
Not Past Due	-	-	-	176,057,768	1,452,415,040	133,336,741
Past due 0-90 days	-	-	-	147,491,997	746,587,938	84,789,297
Past due 91-180 days	-	-	-	86,982,675	-	-
Past due 181-270 days	-	-	-	1,229,315	-	15,642,639
Past due 271-360 days	-	-	-	16,918,245	-	-
Past due 361 days and above	-	-	-	-	-	-
	-	-	-	428,680,000	2,199,002,978	233,768,677

17.1.1 The maximum aggregate amount outstanding by reference to month-end balances was as follows:

	Note	2023	2022
		Rupees	
Visionet Systems Incorporation - USA		4,303,514,190	2,692,127,293
Visionet Deutschland GmbH		445,948,684	465,287,639
Visionet EMEA Limited		937,261,714	504,899,105
AtClose LLC		121,612,567	-
PartnerLinQ Incorporation		308,546,855	-
Visionet Canada Incorporation		7,259,319	-

17.2 Allowance for ECL

	Note	2023	2022
			Rupees
Balance as at 01 January		360,942,070	334,720,419
Acquisition of subsidiary		-	172,812,201
Expense for the year		66,497,234	(50,966,736)
Balances written off during the year		(171,387,684)	(68,548,287)
Foreign exchange movement		21,414,695	(27,075,527)
Balance as at 31 December		277,466,315	360,942,070

18 Loans, advances and other receivables

	Note	2023	2022
			Rupees
Current maturity of long term loans		183,766,867	100,113,842
Advances to staff:			
against salary		144,294,400	32,884,840
against expenses		115,535,020	86,307,381
		259,829,420	119,192,221
Advances to suppliers		1,067,293,554	793,612,292
Loans to related parties		696,770,879	661,967,664
Elimination on account of Joint Operation	(18.2)	(460,513,074)	(396,457,056)
	(18.3)	236,257,805	265,510,608
Other receivables:			
From related parties			
"Visionet Deutschland GMBH - Germany"	(18.5)	23,898,532	27,650,651
Visionet EMEA Limited	(18.5)	4,988,327	8,362,255
Visionet Systems Incorporation - USA	(18.5)	30,008,171	-
Employees' Provident Fund	(18.5)	-	120,371,291
Others		13,950,526	12,915
		1,819,993,202	1,434,826,075

18.1 This includes advance given to the chief operating officer of the Company amounting to Rs 4.6 million (2022: Rs 3.30 million).

18.2 This represents loan provided to UUS Joint Venture (Private) Limited for meeting working capital requirements. This amount is unsecured and carries interest at one-year KIBOR (2022: one-year KIBOR) on the outstanding loan balance at the end of each month.

18.3 This represents loan provided to E-Processing Systems (Private) Limited for meeting working capital requirements of Rs 248.59 million netted of by expected credit loss of Rs 12.34 million (2022: Nil). The loan is unsecured and carries mark-up at one-month KIBOR (2022: one-month KIBOR) on the outstanding loan balance. Disbursements of principal are payable within one year and mark-up is payable on quarterly basis.

18.4 The maximum aggregate amount outstanding by reference to month-end balances was as follows:

	2023	2022
		Rupees
E-Processing Systems (Private) Limited	273,955,878	296,147,291

18.5 These represent other receivables from related parties against expenses incurred on behalf of them. These are in the ordinary course of business and carry no interest.

19 Trade Deposits And Short Term Prepayments

	Note	2023	2022
			Rupees
Security deposits		464,132,938	570,803,303
Prepayments		596,294,276	524,016,476
		1,060,427,214	1,094,819,779

19.1 These include margin amount of Nil (2022: Rs 70 million) held under lien by the banks against guarantees issued by them on behalf of the Group.

20 Short Term Investments

		2023	2022
Fair value through profit or loss			Rupees
- Mutual fund units	(20.1)	877,419,112	4,253,978,169
Amortized cost			
- Term deposit receipts (TDRs)	(20.2)	717,306,340	177,000,000
		1,594,725,452	4,430,978,169

20.1 The details of investment in mutual funds are as follows:

UBL Al-Ameen Asset Islamic Allocation Fund	-		131,669
Number of units : Nil (2022: 1,022)			
Meezan Paidar Munafa Plan	-		1,042,420,000
Number of units: Nil (2022: 20,000,000)			
UBL Al-Ameen Islamic Cash Plan-I	-		303,886,879
Number of units : Nil (2022: 3,037,639)			
HBL Asset Islamic Money Market Fund		125,258,150	938,895,542
Number of units : 1,238,042 (2022: 9,279,971)			
Lakson Islamic Money Market Fund	-		200,677,493
Number of units: Nil (2022: 1,986,784)			
Meezan Balanced Fund	-		76,060
Number of units: Nil (2022: 4,758)			
Meezan Islamic Income Fund	-		43,119
Number of units: Nil (2022: 786)			
Meezan Rozana Amdani Fund	-		303,690,833
Number of units: Nil (2022: 6,073,817)			
NBP Daily Dividend Fund	-		305,329,170
Number of units: Nil (2022: 30,532,917)			
MCB Al-hamra Islamic Money Market Fund	-		488,442,573
Number of units: Nil (2022: 4,908,477)			
ABL Islamic Cash Fund		250,710,420	303,729,530
Number of units: 25,071,041 (2022: 30,394,123)			
ABL Islamic Income Fund		7,490	385,685
Number of units: 665 (2022: 35,828)			
Faysal Islamic Cash Fund		250,346,747	62,491,304
Number of units: 2,503,467 (2022: 624,913)			
Alfalah Islamic Rozana Amdani Fund Class A		251,096,305	303,774,456
Number of units: 2,560,963 (2022: 3,038,805)			
UBL Al-Ameen Islamic Cash Fund	-		3,856
Number of units: Nil (2022: 33)			
		877,419,112	4,253,978,169

20.2 The details of investments in TDRs are as follows:

		2023	2022
Habib Metropolitan Bank Limited		269,050,785	150,000,000
Habib Bank Limited		448,255,555	27,000,000
	(20.2.1)	717,306,340	177,000,000

20.2.1 These comprise of local and foreign TDRs. The local TDRs carry markup at rates ranging from 4.7% to 19.50% (2022: 7.50% to 15.40%) per annum and foreign TDRs carry markup of 4.7% (2022: Nil) per annum and have maturities of 30-90 days from the date of initial recognition.

20.2.2 These TDRs include Rs 255 million (2022: Rs 150 million) and Rs 27 million (2022: Rs 27 million) which are pledged against export re-finance facility availed from Habib Metropolitan Bank Limited and Habib Bank Limited respectively.

21 Cash and bank balances

	Note	2023	2022
Cash in hand		175,643	2,007,554
Cheques in hand		134,644,245	12,000,000
		134,819,888	14,007,554
Balances with banks:			
Local currency:			
Current accounts		466,797,419	261,153,076
Saving accounts	(21.1)	993,354,328	251,442,738
		1,460,151,747	512,595,814
Foreign currency - current accounts		6,387,879,348	5,287,892,864
	(21.2)	7,982,850,983	5,814,496,232

21.1 These carry markup at the rate of 6.88% to 22.06% (2022: 3.5% to 14.5%) per annum.

21.2 These balances include Rs 1,157.40 million (2022: Rs 751.85 million) in respect of margin withheld against balances with banks against guarantees issued by banks on behalf of the Group. For the purpose of the consolidated statement of cashflows, this margin withheld against balances with banks has been excluded from cash and cash equivalents.

22 Issued, Subscribed And Paid Up Share Capital

2023		2022		2023		2022	
Number of Shares				Rupees			
116,732,576	115,718,876	"Ordinary shares of Rs 10/- each fully paid in cash"		1,167,325,759		1,157,188,760	
162,866,323	162,866,323	"Ordinary shares of Rs 10/- each fully paid up as bonus shares"		1,628,663,230		1,628,663,230	
11,822,500	11,822,500	Ordinary shares of Rs 10/- each issued for consideration otherwise than cash		118,225,000		118,225,000	
291,421,399	290,407,699			2,914,213,989		2,904,076,990	

22.1 Reconciliation of ordinary shares

2023		2022		2023		2022	
Number of Shares				Rupees			
290,407,699	138,498,912	Balance at January 01		2,904,076,989		1,384,989,120	
-	139,182,600	Bonus shares issued		-		1,391,826,000	
1,013,700	903,687	Stock options exercised		10,137,000		9,036,869	
-	11,822,500	Shares issued for acquisition of National Data Consultant (Private) Limited		-		118,225,000	
291,421,399	290,407,699	Balance at December 31		2,914,213,989		2,904,076,989	

22.2 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Holding Company. All shares rank equally with regard to the Holding Company's residual assets.

23 Capital Reserves

	Note	2023	2022
		Rupees	
Share premium reserve	(23.1)	4,904,476,301	4,671,279,598
Employee compensation reserve	(23.2)	507,516,180	323,650,758
Translation reserve on foreign operations	(23.3)	2,664,151,531	922,282,387
		8,076,144,012	5,917,212,743

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

23.2 This represents balance amount after exercise of share options by the employees under the Employee Stock Option Scheme approved by the SECP. According to the scheme, 100% options become exercisable after completion of vesting period from the date of grant. The options have a vesting period of 2 years and an exercise period of 3 years from the date the option is vested.

23.2.1 The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year:

	2023		2022	
	Weighted average exercise price Rupees	Number of options Number	Weighted average exercise price Rupees	Number of options Number
Outstanding at 01 January	276.50	5,187,567	244.85	1,953,356
Granted during the year				
- stock options awarded in March 2022	-	-	289.20	1,055,250
- stock options awarded in August 2022	-	-	263.60	1,105,230
- stock options awarded in April 2023	379.90	2,562,000	-	-
Bonus issue adjustment during the year			221.10	2,292,169
Forfeited share options	272.90	(1,104,430)	262.08	(314,753)
Exercised during the year:				
- stock options awarded in 2020 ¹	61.11	(220,000)	71.62	(903,685)
- stock options awarded in March 2021 ²	173.10	(696,200)		
- stock options awarded in September 2021 ³	248.61	(97,500)		
Outstanding at 31 December	345.93	5,631,437	276.50	5,187,567
Vested and exercisable at 31 December	185.71	1,123,437	62.93	253,000

1. The weighted average share price at the date of the exercise of these options was Rs 424.87 (2022: 689.76).
2. The weighted average share price at the date of the exercise of these options was Rs 473.49 (2022: Nil).
3. The weighted average share price at the date of the exercise of these options was Rs 422.68 (2022: Nil).

23.2.2 The weighted average remaining contractual life for the share options outstanding as at December 31, 2023 is 3.52 years (2022: 3.81 years).

23.2.3 The weighted average fair value of options granted during the year was Rs 212.90 (2022: Rs 223.47).

23.2.4 The range of exercise prices for options outstanding at the end of the year is Rs 73.34 to Rs.379.90 (2022: Rs 61.11 to Rs 289.20).

23.2.5 The following table lists the inputs to the model used for the plan for the years ended December 31, 2023 and 2022, respectively:

	2023	2022
Dividend yield	1.46%	1.90%-2.32%
Expected volatility	33%	42% - 59%
Risk-free interest rate	19.27%	11.38% & 11.43%
Expected life of share options (years)	2.25	2.25
Weighted average share price	Rs. 465.65	Rs 674.9
Model used	Black Scholes	Black Scholes

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. 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.

23.3 Set out below is the carrying amount of translation reserve on foreign operations and the movements during the year:

	2023	2022
As at January 01	922,282,387	127,825,350
Movement recognized in other comprehensive income	1,741,869,144	794,457,037
As at December 31	2,664,151,531	922,282,387

24 Long Term Advances

Long term advances		12,676,308	10,001,440
Less : Current portion shown under current liabilities		(8,395,243)	(3,234,396)
	(24.1)	4,281,065	6,767,044

24.1 These represent advances received from staff and will be adjusted as per Group's car policy against sale of vehicles.

25 Long Term Loan

	Note	2023	2022
Rupees			
Set out below is the carrying amount of long term loan and the movements during the year:			
Opening Balance		-	76,816,085
Accretion of Interest		-	1,958,993
Acquisition of subsidiaries		-	14,642,516
Repayments during the year	(25.1)	-	(93,417,594)
Less : Current portion shown under current liabilities		-	-
		-	-
		-	-

25.1 This represented loan of Rs 210 million obtained from MCB Bank Limited under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility had an aggregate sanctioned limit of Rs 315 million. It carried mark-up at SBP rate plus 1% per annum and was secured against a pari passu charge of Rs 1,344 million over the present and future current assets of the Holding Company and 1st exclusive equitable mortgage and hypothecation charge of Rs 1,066.7 million over the non current assets of the Holding Company. The loan was repayable in equal quarterly installments commencing September 26, 2020 and ending December 26, 2022. The two tranches of loan were initially recognized at fair value in accordance with IFRS 9 - Financial instruments using effective interest rate of 7.94% and 7.25% (3-month KIBOR) respectively. The difference between fair value of loan and loan proceeds had been recognized as deferred grant, as there were no unfulfilled conditions as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan. The loan had been fully repaid during the year ended December 31, 2022.

26 Lease Liabilities

	2023	2022
Rupees		
Present value of lease rentals	741,299,163	604,698,657
Less: Current portion shown under current liabilities	(190,062,090)	(112,996,863)
	551,237,073	491,701,794

	2023	2022
Rupees		
	Lease Rentals	Finance cost for future periods
Not later than one year	267,412,338	77,350,248
Later than one year but not later than five years	624,307,888	98,646,756
Later than five years	26,886,713	1,310,773
	918,606,939	177,307,777
		741,299,163

	2022	2022
Rupees		
	Lease Rentals	Finance cost for future periods
Not later than one year	170,553,430	57,556,567
Later than one year but not later than five years	570,370,208	104,329,241
Later than five years	26,886,713	1,225,886
	767,810,351	163,111,694
		604,698,657

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

	2023	2022
As at January 01	604,698,657	301,076,382
Additions	256,694,079	447,310,201
Accretion of interest	95,023,458	55,762,969
Payments	(226,369,865)	(139,727,312)
Termination	-	(59,018,021)
Exchange differences	11,252,834	(705,562)
As at December 31	741,299,163	604,698,657
Salient features of the leases are as follows:		
Discounting factor	9.7% - 15.36%	9.7% - 15.36%
Period of lease	48-120 months	48-120 months
Amount recognised in statement of profit or loss:		
The following are the amounts recognised in profit or loss:		
Interest expense on lease liabilities	95,023,458	55,762,969
Expenses relating to short term leases	164,208,454	48,921,957
Gain on derecognition of lease	-	4,668,459
Total amount recognised in profit or loss	259,231,912	109,353,385

Cash outflow for leases

The Group had total cash outflows for leases of Rs. 226.48 million (2022: Rs 195.99 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of Rs 264.09 million (2022: Rs 463.78 million) and Rs 256.69 million (2022: Rs 447.31 million) respectively.

27 Other Long Term Liability - Unsecured

	Note	2023	2022
Opening Balance	(27.2)	2,156,439,599	-
Additions during the year	(27.1)	1,540,642,985	3,427,121,250
Undiscounted amount		(121,051,364)	(156,937,500)
less: Effect of discounting		1,419,591,621	3,270,183,750
Upfront payment		-	(1,142,373,750)
Finance cost	(40)	127,097,951	27,272,526
Payments during the year		(1,400,726,250)	-
Derecognition on modification		(1,360,491,016)	-
Financial liability recognised on modification		1,411,215,242	-
Exchange difference		471,675,482	1,357,073
Closing		2,824,802,629	2,156,439,599
Less : Current portion shown under current liabilities		(1,006,395,111)	(1,116,281,250)
		1,818,407,518	1,040,158,349

27.1 This represents payment due to Temenos Headquarters S.A for purchase of Country Model Bank - CMB APAC license. The CMB APAC purchase agreement between Techvista Systems FZ LLC and Temenos Headquarters S.A was entered into on December 31, 2023. The agreement contains deferred payment terms, hence the CMB APAC license has been recognized at present value of total consideration due as per terms. Deferred consideration has been discounted @ 5.30% based on relevant benchmark.

27.2 This represents payment due to Temenos Headquarters S.A for purchase of intellectual property (IP). The IP purchase agreement between National Data Consultancy FZE and Temenos Headquarters S.A was entered into on September 30, 2022. The agreement contains deferred payment terms, hence the IP has been recognized at present value of total consideration due as per terms. Deferred consideration has been discounted @ 5.04% based on relevant benchmark.

28 Provision for Gratuity

	2023	2022
	Rupees	
Defined Benefits plan – Gratuity	474,227,448	455,978,209
28.1 Defined benefits plan – gratuity		
Opening Balance	455,978,209	94,865,412
Acquisition of subsidiary	-	236,326,234
Charge for the year	257,439,889	252,240,153
Benefit payable	(176,054,563)	(6,012,400)
Re-measurement loss charged to the other comprehensive income	(11,280,262)	(31,133,787)
Benefit paid during the year	(106,587,999)	(90,307,403)
Exchange Difference	54,732,174	-
	474,227,448	455,978,209

28.2 Staff Retirement Benefits – Gratuity

The latest actuarial valuation of gratuity scheme was carried out as at December 31, 2023. The projected unit credit method has been used for actuarial valuation done by certified actuary SHMA Consulting.

28.3 Reconciliation of the present value of defined benefit obligation / movement in liability

	2023	2022
	Rupees	
Opening liability	455,978,209	94,865,412
Acquisition – Prior year Adjustments	-	236,326,234
Charge for the year	257,439,889	252,240,153
Benefit payable	(176,054,563)	(6,012,400)
Remeasurement gain charged in other comprehensive income	(11,280,262)	(31,133,787)
Benefits paid during the year	(106,587,999)	(90,307,403)
Exchange Difference	54,732,174	-
Closing liability	474,227,448	455,978,209

28.4 Expense recognised in statement of profit or loss is as follows

Current service cost	246,024,358	112,962,567
Interest cost	11,415,531	102,535,346
Past service cost	-	36,742,240
	257,439,889	252,240,153

28.5 Remeasurement of plan obligation

Actuarial losses from changes in financial assumptions	(4,389,518)	(1,397,719)
Experience adjustments	(22,691,586)	(29,736,068)
Transitional liability	15,800,842	-
	(11,280,262)	(31,133,787)

28.6 Actuarial assumptions

Discount rate used for interest cost	4.05% – 4.70%
Discount rate used for year end obligation	4.05% – 4.70%
Salary increase rate	4.05% – 15.23%
Mortality rates	“ SLIC 2001 – 2005 ”
Retirement assumption	Age-60
The average duration of retirement benefit	6.63 – 10.36 years

28.7 Salary Risk

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomics factors), the benefit amount increases as salary increases.

28.8 Demographic risks

Mortality Risk – The risk that actual mortality experiences are different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawals Risk – The risk of withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitle benefit of the beneficiary.

28.9 Sensitivity analysis

	2023	2022
Discount Rate + 100 bps	424,863,541	391,475,514
Discount Rate – 100 bps	512,636,178	465,089,712
Salary Rate + 100 bps	514,850,676	465,895,103
Salary Rate – 100 bps	422,239,475	390,185,920

28.10 Maturity Analysis

FY 2024	38,894,161
FY 2025	36,115,981
FY 2026	34,608,379
FY 2027	34,541,252
FY 2028	36,199,742
FY 2029 and onwards	559,716,529

29 Trade and Other Payables

	Note	2023	2022
			Rupees
Creditors	(29.1)	1,321,053,881	2,609,961,566
Accrued liabilities		5,062,593,834	1,665,131,179
Provident fund contribution payable	(29.2)	169,477,960	3,627
Withholding income tax payable		264,964,295	110,598,690
Visionet Systems Inc. USA – related party		235,517,676	3,959,244
Sales tax payables		174,661,404	120,261,787
Other Payables	(29.3)	-	1,427,373,360
Subscription money payable		5,788,983	-
Provision for onerous contracts		57,772,909	-
		7,291,830,942	5,937,289,453

29.1 These are non-interest bearing and are normally settled on terms of between 30 and 60 days.

29.2 All investments out of provident fund have been made in the collective investment schemes, listed equity and listed debt securities in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

29.3 This represented payable to ex-owners of NDC Group for acquisition of National Data Consultancy FZE, and NdcTech APAC Pte. Ltd.

30 Contract Liabilities

Note	2023	2022
(30.1)	4,637,734,357	3,025,704,894

30.1 These represent mobilization advances received from the customers against professional / software development services, licenses, license support services and other fees.

31 Short Term Borrowings – Secured

	Note	2023	2022
			Rupees
MCB Bank Limited	(31.1)	400,000,000	850,000,000
Bank Al Habib Limited	(31.2)	-	60,000,000
Habib Metropolitan Bank Limited	(31.3)	1,400,000,000	1,400,000,000
Allied Bank Limited	(31.4)	-	300,000,000
Meezan Bank Limited	(31.5)	-	100,000,000
Habib Bank Limited	(31.6)	319,000,000	200,000,000
Faysal Bank Limited	(31.7)	-	200,000,000
		2,119,000,000	3,110,000,000

- 31.1** This represents export re-finance (ERF) availed against an aggregate sanctioned limit of Rs 1,400 million (December 31, 2022: Rs 1,400 million). The rate of mark-up is SBP rate plus 0.5% (December 31, 2022: SBP rate plus 0.5%) per annum. These borrowings were previously secured against first pari passu charge of Rs 1,774 million over all present and future current assets of the Company with 25% margin and first exclusive hypothecation and equitable mortgage charge of Rs 1,066.66 million over plant, machinery, furniture, fixtures and land. In current year, the charge was enhanced to first pari passu charge of Rs 1,867 million over all present and future current assets of the Company with 25% margin and first exclusive hypothecation and equitable mortgage charge of Rs 1,066.66 million over plant, machinery, furniture, fixtures and land for which the regulatory process of removal of charge is in process.
- 31.2** This represented an export refinance facility (ERF) against an aggregate sanctioned limit of Rs 100 million, availed from Bank Al-Habib under mark-up arrangements amounting to Rs Nil (2022: Rs 60 million). The rate of mark-up was SBP Rate + 2% chargeable and payable quarterly, and effective mark-up charged during the year ranged from 3% to 10% (2022: 3% to 10%) per annum or part thereof on the balances unpaid. These borrowings were secured by a hypothecation charge of Rs 215 million over receivable of the Company with a 25% margin and Corporate guarantee of Systems Limited (Parent Company). The amount has been fully repaid during the year.
- 31.3** This represents islamic export re-finance (IERF) availed against aggregate sanctioned limit of Rs 2,000 million (2022: Rs 1,400 million). The rate of mark up is SBP rate plus 0.5% (2022: SBP rate plus 0.5%). These borrowings were secured against first pari passu hypothecation charge of Rs 2,150 million over current assets and equitable mortgage charge of Rs 305.99 million over land. In current year, the charge was enhanced to first pari passu hypothecation charge of Rs 2,950 million over current assets and equitable mortgage charge of Rs 305.99 million over land.
- 31.4** This represents export Refinance (ERF) availed against the aggregate sanctioned limit of Rs 800 million (2022: Rs 800 million). The rate of markup is SBP rate plus 1% (2022: SBP rate plus 0.5%). These borrowings are secured against first joint pari passu hypothecation charge over all present and future current assets of the Company with 25% margin.
- 31.5** This represented islamic export re-finance (IERF) availed against the aggregate sanctioned limit of Rs 100 million (2022: Rs 100 million). The rate of markup was SBP rate plus 1% (2022: SBP rate plus 1%). These borrowings were secured against the first pari passu hypothecation charge over the Company's current assets with a 25% margin.
- 31.6** This represents export re-finance (ERF) availed against the aggregate sanctioned limit of Rs 700 million (2022: Rs 700 million). The rate of markup is SBP rate plus 0.5% (2022: SBP rate plus 0.5%). These borrowings are secured against the first pari passu hypothecation charge over the Company's current assets with a 25% margin.
- 31.7** This represented islamic export re-finance (IERF) availed against aggregate sanctioned limit of Rs 300 million (2022: Rs 300 million). The rate of mark up was SBP rate plus 0.5% (2022: SBP rate plus 0.5%). These borrowings were secured against first pari passu hypothecation charge over current assets of the Company.
- 31.8** The effective mark-up rate charged on these facilities during the year ranged from 9.5% to 23.4% (2022: 2.5% to 10%).
- 31.9** In addition, the Group also has the following credit facilities provided by banks, however; these are not utilized at year end:
- Invoice discounting facilities from customers of up to AED 9.25 million (2022: AED 5 million).
 - Running finance to support the working capital requirements of up to AED 1 million (2022: AED 1 million)
 - Letters of credit usance of up to AED 5 million (2022: AED 5 million) and documents delivered against acceptance of up to AED 5 million (2022: AED 5 million).

32 Contingencies and Commitments

32.1 Contingencies Income tax

32.1.1 Tax Year 2018 – under section 122(5A)

The Additional Commissioner Inland Revenue ('ACIR') issued an order dated May 03, 2023 under section 122(5A) of the Income Tax Ordinance, 2001 (the 'Ordinance') for the tax year 2018, on the basis of wrong proration of expenses and created an income tax demand of Rs 45.24 million. Being aggrieved, the Company filed an appeal before CIR(A), who through order dated July 20, 2023 disposed off the case against the company. The company feeling aggrieved by the order has filed an appeal before

the Appellate Tribunal Inland Revenue, Lahore. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

32.1.2 Tax Year 2017 – under section 161

The Deputy Commissioner Inland Revenue (the “DCIR”) issued order dated November 29, 2018 under section 161(1A) of the Income Tax Ordinance, 2001 (the “Ordinance”) for the tax year 2017 whereby tax amounting to Rs 6.53 million for non-deduction of withholding tax was levied. The Company preferred an appeal before Commissioner Inland Revenue (Appeals) [“CIR(A)”], which was decided against the Company through order dated March 11, 2019. Being aggrieved, the Company filed an appeal before the Appellate Tribunal Inland Revenue (“ATIR”), which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

32.1.3 Tax Year 2016 – Clause 94 part IV of Second Schedule

The Company filed an undertaking pursuant clause 94 part IV of Second Schedule to the Ordinance, thereby opting out of minimum tax on services under section 153(1)(b) of the Ordinance in respect of Tax Year 2016. The Additional Commissioner Inland Revenue (“ACIR”) declined to accept the undertaking through order dated December 03, 2015 against which the Company preferred an appeal before CIR(A), which has been upheld by the CIR(A) through order dated April 04, 2019. Being aggrieved, the Company has filed an appeal before the ATIR, which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

32.1.4 Tax Year 2016 – under section 177

The Company filed an undertaking pursuant clause 94 part IV of Second Schedule to the Ordinance, thereby opting out of minimum tax on services under section 153(1)(b) of the Ordinance in respect of Tax Year 2016. The Additional Commissioner Inland Revenue (“ACIR”) declined to accept the undertaking through order dated December 03, 2015 against which the Company preferred an appeal before CIR(A), which has been upheld by the CIR(A) through order dated April 04, 2019. Being aggrieved, the Company has filed an appeal before the ATIR, which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

32.1.5 Tax Year 2014 – under section 122(5A)

The Deputy Commissioner Inland Revenue (“DCIR”) issued an order dated March 28, 2016 under section 122(5A) of the Ordinance for tax year 2014, on the basis of wrong proration of expenses and capital gains and created an aggregated demand of Rs 48.59 million. The company preferred an appeal against the order, before the CIR(A) who decided the case in favor of the Company. However, the tax department has filed second appeal before the ATIR, which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

Sales tax

32.1.6 Tax Period from January 2016 to December 2016

The Company was selected for Sales Tax Audit through computer ballot for the tax period January 2016 to December 2016 and on the basis of audit proceedings, the DCIR passed order dated July 30, 2020 under section 11(2) of the Sales Tax Act, 1990 on various issues including suppression of sales, non-chargeability of sales tax on advance from customers, other income, late filing of sales tax returns etc. and created impugned sales tax demand amounting to Rs 655.84 million. Being aggrieved, the Company preferred an appeal before the CIR(A).

During the year 2021, the CIR(A) vide order dated January 29, 2021 annulled the demand of Rs 651.44 million with the direction to reassess the matters and confirmed the balance demand of Rs 3.70 million against which the Company has preferred an appeal before ATIR. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

32.2 Commitments

32.2.1 Guarantees issued by the financial institutions on behalf of the Group amount to Rs 524.65 million (2022: Rs 433.35 million). This includes guarantee of Rs 77.38 million (2022: Rs 77.38 million) given on behalf of UUS Joint Venture (Private) Limited, a joint operation of the Holding Company.

32.2.2 The Group has issued Performance Guarantee to National Bank of Pakistan Hong Kong against services contract amount USD 13,950 (2022: USD 13,950) and National Bank of Pakistan Kingdom of Saudi Arabia

against services contract USD 25,000 (2022: USD 25,000) obtained from Bank Al Habib Limited for a 100% cash margin withheld by bank as security.

32.2.3 Guarantees issued by the Holding Company on behalf of E-Processing Systems (Private) Limited to National Bank of Pakistan amount to Nil (2022: Rs 100 million). Guarantees issued by the Holding Company on behalf of National Data Consultant (Private) Limited to Bank Al Habib Limited amount to Nil (2022: Rs 134 million).

32.2.4 The Group has received credit facilities from banks to issue advance payment guarantees, performance guarantees and bid bonds for securing IT and software related projects upto a limit of AED 32.85 million (2022: AED 20 million). The credit facilities are secured against the margin account balance kept by the bank along with a counter guarantee collateral value of AED 32.85 million (2022: AED 20 million). The availed amount against these facilities amount to AED 25.98 million (2022: AED 19.09 million).

32.2.5 The Group's commitments in respect of ijarah lease are as follows

	2023	2022
	Rupees	
Not later than one year	21,587,172	30,857,743
Later than one year and not later than five year	49,211,959	80,890,142
	70,799,131	111,747,885

32.2.6 Post dated cheques issued against rent of buildings amounting to Nil (2022: 0.77 million).

32.2.7 The amount of future payments under short term lease arrangement amount to Rs 29.07 million (2022: Rs 33.42 million).

33 Revenue from Contracts with Customers - Net

33.1 Disaggregated Revenue Information

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

	2023			
	Note	Export	Local	Total
	Rupees			
Types of goods or services				
Outsourcing services:				
Business process outsourcing		997,417,793	539,237,886	1,536,655,679
IT services		31,423,606,631	2,497,356,689	33,920,963,320
Software and hardware trading		2,640,973,851	3,701,495,149	6,342,469,000
Software implementation		10,459,978,174	1,879,835,057	12,339,813,231
Less: Sales tax	(33.1.1)	-	(704,418,053)	(704,418,053)
Total revenue from contracts with customers		45,521,976,449	7,913,506,728	53,435,483,177
Timing of revenue recognition - net				
Goods and services transferred at a point in time		2,558,126,628	2,947,053,216	5,505,179,844
Goods and services transferred over time		42,963,849,821	4,966,453,512	47,930,303,333
Total revenue from contracts with customers		45,521,976,449	7,913,506,728	53,435,483,177
	2022			
	Note	Export	Local	Total
	Rupees			
Types of goods or services				
Outsourcing services:				
Business process outsourcing		1,076,996,402	170,391,874	1,247,388,276
IT services		17,388,164,219	2,546,552,304	19,934,716,523
Software and hardware trading		3,692,504,479	1,912,545,367	5,605,049,846
Software implementation		3,699,666,698	1,653,664,146	5,353,330,844
Less: Sales tax	(33.1.1)	(2,064,210)	(378,494,016)	(380,558,226)
Total revenue from contracts with customers		25,855,267,588	5,904,659,675	31,759,927,263
Timing of revenue recognition - net				
Goods and services transferred at a point in time		3,644,226,832	1,197,057,143	4,841,283,975
Goods and services transferred over time		22,211,040,756	4,707,602,532	26,918,643,288
Total revenue from contracts with customers		25,855,267,588	5,904,659,675	31,759,927,263

33.1.1 This represents sales tax chargeable under Provincial and Federal Sales tax laws on revenue as defined under relevant laws.

33.2 The amount of revenue recognized from amounts included in contract liabilities at the beginning of the year is Rs 2,701.56 million (2022: Rs 687.67 million).

33.3 Transaction prices of remaining performance obligations

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31 are as follows:

	2023	2022
	Rupees	
Within one year	7,964,267,125	7,028,650,449
More than one year	6,202,953,058	5,297,316,221
	14,167,220,183	12,325,966,670

The Group makes sales against credit terms. In case of credit sales, payment is generally due within 90-120 days from the date of billing to the customer.

34 Cost of Revenue

	Note	2023	2022
		Rupees	
Salaries, allowances and amenities	(34.1)	27,894,395,504	15,130,839,358
E-link connectivity charges		-	1,675,358
Technical consultancy		1,530,558,065	533,235,631
Printing and stationery		3,472,026	10,213,775
Computer supplies		60,022,838	20,321,134
Rent, rates and taxes		87,757,920	51,127,390
Electricity, gas and water		174,911,856	131,518,056
Traveling and conveyance		1,183,859,006	482,539,935
Repair and maintenance		3,300,494	56,648,358
Postage, telephone and telegrams		208,629,932	152,644,790
Vehicle running and maintenance		652,181,878	254,521,011
Entertainment		8,930,060	9,831,456
Fee and subscriptions		675,009,213	257,137,331
Foreign remittance - WHT		78,916,323	-
Insurance		32,325,558	18,251,620
Depreciation of property and equipment	(7.1.3)	610,045,446	402,831,637
Amortization	(8.2)	972,909,639	222,658,083
Depreciation of right-of-use asset	(11.1)	126,263,225	96,730,120
Advertisement & publicity		3,731,340	-
Others		31,670,059	24,345,058
		34,338,890,382	17,857,070,101
Purchase of software and hardware		5,439,907,008	5,266,577,795
		39,778,797,390	23,123,647,896

34.1 This includes employees retirement benefit expense amounting to Rs 1,116.36 million (2022: Rs 780.07 million) and share based payment expense amounting to Rs 164.84 million (2022: Rs 77.44 million).

35 Selling and Distribution Expenses

	Note	2023	2022
			Rupees
Salaries, allowances and amenities	(35.1)	1,210,435,949	595,856,123
Technical consultancy		5,525,442	8,262,850
Printing and stationery		2,061,072	4,218,760
Computer supplies		672,087	841,211
Rent, rates and taxes		1,195,336	-
Electricity, gas and water		3,294,913	1,416,324
Traveling and conveyance		86,109,547	30,309,561
Repair and maintenance		1,797,887	2,157,708
Postage, telephone and telegrams		6,234,865	4,474,780
Vehicle running and maintenance		12,133,302	5,096,976
Entertainment		5,255,331	2,024,147
Insurance		207,300	516,831
Fee and subscriptions		146,349,730	14,302,395
Shows, seminars and advertising		72,828,196	62,629,424
Depreciation of property and equipment	(7.1.3)	10,254,076	4,703,741
Amortization	(8.2)	88,053	79,799
Depreciation of right-of-use asset	(11.1)	748,991	627,154
Others		4,371,768	3,000,712
		1,569,563,845	740,518,496

35.1 This includes employees retirement benefit expense amounting to Rs 82.51 million (2022: Rs 25.81 million) and share based payment expense amounting to Rs 112.75 million (2022: Rs 43.30 million).

36 Administrative Expenses

	Note	2023	2022
			Rupees
Salaries, allowances and amenities	(36.1)	2,502,405,689	1,459,914,029
Printing and stationery		17,944,574	16,753,469
Computer supplies		30,579,348	32,593,463
Rent, rates and taxes		75,255,198	93,323,400
Electricity, gas and water		41,597,097	26,314,858
Traveling and conveyance		154,188,517	94,608,953
Repair and maintenance		196,223,253	104,016,259
Postage, telephone and telegrams		66,371,167	48,769,451
Vehicle running and maintenance		100,218,560	43,185,633
Legal and professional		98,330,031	94,378,636
Auditors' remuneration	(36.2)	74,831,603	52,611,537
Entertainment		21,859,007	13,844,153
Donations	(36.3)	63,154,668	70,150,233
Fee and subscriptions		328,724,110	212,307,602
Insurance		5,959,127	14,261,780
Hiring cost		-	409,587
Newspapers, books and periodicals		-	20,422
Depreciation of property and equipment	(7.1.3)	97,771,020	64,206,109
Amortization	(8.2)	893,019	1,093,991
Depreciation of right-of-use asset	(11.1)	79,534,424	28,943,799
Others		26,805,795	12,257,940
		3,982,646,207	2,483,965,304

36.1 This includes employees retirement benefit expense amounting to Rs 77.57 million (2022: Rs 51.93 million) and share based payment expense amounting to Rs 116.02 million (2022: Rs 53.98 million).

36.2 Auditors' remuneration

The aggregate fee charged for services by auditors of various entities of the Group is as follows:

A. F. Ferguson & Co.:

Services rendered for Holding Company

- Statutory audit fee

- Special purpose audit

- Half yearly review

- Other certifications

- Tax services

	2023	2022
		Rupees
	7,550,000	5,500,000
	4,000,000	-
	1,650,000	1,000,000
	2,137,500	367,500
	7,447,580	6,675,500

	2023	2022
	Rupees	
- Advisory services	-	1,000,000
- Out of pocket	1,182,258	650,000
Audit fee relating to subsidiaries	26,000,000	3,000,000
	49,967,338	18,193,000
Other auditors	24,864,265	37,418,537
	74,831,603	55,611,537

36.3 This includes donations to the following parties:

	2023	2022
	Rupees	
Pakistan Children's Heart Foundation	10,000,000	10,000,000
Million Smiles Foundation	13,300,000	9,000,000
Akhuwat Islamic Microfinance	-	13,245,377
The Citizens Foundation	4,200,000	7,000,000
Baitussalam Welfare Trust	-	15,050,000

The directors of the Holding Company or their spouses do not have any interest in the donees.

37 Impairment Losses / (Reversals of Impairment Losses) on Financial assets

	2023	2022
	Rupees	
Allowance for ECLs		
- Contract assets	126,299,528	10,607,628
- Trade debts	66,497,234	(50,966,736)
Others	12,340,346	-
	205,137,108	(40,359,108)

38 Other operating expenses

	Note	2023	2022
		Rupees	
Loss on derivative financial instruments		-	87,966,377
Security deposits / Assets written off		2,235,593	1,360,000
Loss on remeasurement of investments		154,468,911	-
Loss on disposal of property and equipment		1,184,995	-
Others		8,902,031	-
		166,791,530	89,326,377

39 Other Income

		2023	2022
		Rupees	
Profit on deposit accounts		82,711,626	36,011,729
Profit on term deposit receipts and sukus		69,634,100	30,405,695
Income on mutual funds	(39.1)	191,710,386	539,378,714
Exchange gain / (Loss)		2,257,667,541	1,374,810,504
Effect of discounting of long term loans		82,935,220	33,789,390
Effect of discounting of long term security deposits		3,139,937	1,630,628
Effect of unwinding of long term receivable		63,771,322	15,164,173
Interest on loan to associated undertakings		51,222,549	18,638,900
Gain On modification of financial liability		50,724,226	-
Gain on dilution of interest in associate	(10.2.1)	119,588,349	-
Net change in unrealized gain on investments	(9.1.1)	-	4,468,912
Gain on disposal of property and equipment		-	82,844,279
Liabilities written back		197,126,459	73,686,636
Others		23,366,430	19,230,591
		3,193,598,145	2,230,060,151

39.1 This represents the following:

Dividend income	220,627,522	503,368,923
(Loss) / gain on mutual funds	(28,917,136)	36,009,791
	191,710,386	539,378,714

40 Finance Costs

	Note	2023	2022
			Rupees
Markup on guarantee commission		30,812,399	10,325,402
Markup on short term borrowing		548,166,409	169,003,649
Bank charges		67,890,239	25,455,206
Finance cost on lease liabilities		95,023,458	55,762,969
Mark up on unwinding of long term liability	(27)	127,097,951	27,272,526
		868,990,456	287,819,752

41 Taxation

Statement of profit or loss

	Note	2023	2022
			Rupees
Current Income tax:			
- Current income tax charge	(41.1)&(41.2)	548,746,391	321,087,886
- Adjustments in respect of current income tax of previous year		51,364,994	(3,258,453)
Deferred tax		600,111,385	317,829,433
- Relating to origination and reversal of temporary differences		(9,379,035)	33,678,593
		590,732,350	351,508,026
Income tax expense reported in statement of profit or loss		590,732,350	351,508,026
Amounts recognized directly in equity			
Deferred tax on share based payment	(41.3)	-	29,344,233

41.1 This represents tax chargeable under Minimum Tax Regime on local sale of software and services of the Group, tax chargeable under Final Tax Regime on export sale of services of the Holding Company and its local subsidiaries and dividend income in accordance with the provisions of the Income Tax Ordinance, 2001.

41.2 Reconciliation of tax charge for the year

	2023	2022
		Rupees
Profit before taxation	9,279,622,243	6,981,169,335
Tax on profit	2,691,090,450	2,024,539,107
Tax effect of exempt income	(231,622,861)	(159,267,683)
Tax effect of income under final tax regime	(2,569,835,853)	(1,727,967,322)
Rate change impact	(18,725,886)	(1,849,975)
Tax effect of expiry of minimum taxes during the year	15,165,570	15,307,401
Tax effect of non-recognition of deferred taxes	132,589,173	-
Tax effect of business income of Joint Operation	-	4,014,460
Tax effect of super tax for the year	36,468,691	34,139,247
Tax effect of income under minimum tax regime	319,144,202	70,141,916
Tax effect of donations	18,314,854	6,806,378
Tax effect of cost restriction on vehicles	(315,186)	(4,566,272)
Prior year current tax adjustment	47,514,226	(7,239,329)
Prior year deferred tax adjustment	-	(4,691,503)
Tax effect of share of loss of associates	13,940,095	93,930,815
Tax effect of impairment of associates	211,544,342	-
Tax effect of gain on dilution of interest in associate	(34,680,621)	-
Tax effect of current tax charged at lower rate	(30,485,196)	-
Others	(9,373,650)	8,210,786
	590,732,350	351,508,026

41.3 Deferred tax

	2023	2022
		Rupees
Taxable temporary differences		
Depreciation on property and equipment	(73,121,497)	(44,827,539)
Right-of-use asset	(41,856,359)	(37,883,189)
Interest free loans given to employees	(3,603,517)	(1,034,048)
Customer contracts	(153,872,647)	-
	-	-
	(272,454,020)	(83,744,776)
Deductible temporary differences		
Lease liabilities	3,336,179	40,024,666
Security Deposits	47,611,567	889,292
Amortization on intangibles	1,251,172	2,923,921
Provision for doubtful debts	18,611,058	17,213,170
Provision for contract assets	753,317	383,983
Provision for others	1,012,476	-
Employee compensation reserve	33,010,516	19,301,552
Unused tax losses carried forward	49,091,938	-
Minimum tax	-	15,165,570
	154,678,223	95,902,154
Deferred tax (liability) / asset	(117,775,797)	12,157,378

41.3.1 The Group has not recognized the following deferred tax assets / (liabilities) in respect of taxable / (deductible) temporary differences:

	2023	2022
		Rupees
Excess minimum taxes paid in prior years (deductible temporary difference amounting to Rs 16.03 million (2022: Nil))	16,031,131	-
Unused business losses - Tax year 2023 (deductible temporary difference amounting to Rs 645.67 million (2022: Rs 530.611 million))	176,880,000	92,370,000
E-Processing Systems B.V. (deductible temporary difference amounting to Rs 68.95 million (2022: Nil))	17,238,310	-
SalesFlo (Private) Limited (deductible temporary difference amounting to Rs 387.09 million (2022: Rs 301.97 million))	112,255,307	87,571,982
Jomo Technologies (Private) Limited (deductible temporary difference amounting to Rs 150 million (2022: Nil))	43,500,000	-
	365,904,748	179,941,982

41.3.2 The Group has not recognized deferred tax assets / (liabilities) in respect of the following taxable / (deductible) temporary differences relating to unappropriated profits and translation reserves of its subsidiaries :

Revenue reserve - unappropriated profit

SUS JV (Private) Limited	(49,174,709)	(42,302,474)
Systems Ventures (Private) Limited	578,342,061	310,047,384
National Data Consultant (Private) Limited	58,048,515	(57,874,468)
Techvista Information Technology W.L.L.	219,309,915	51,067,778
Systems Arabia for Information Technology	(216,568,375)	44,022,428
SYS Egypt for Information Technology Services	(6,010,574)	22,711,091
Systems International IT Pte. Ltd.	105,704,664	(151,335,004)
Systems Africa for Information Technologies Pty. Ltd.	136,360,984	14,477,589
TechVista Systems FZ - LLC	(2,774,172,155)	(1,427,559,000)
	(1,948,159,674)	(1,236,744,676)

Translation reserve on foreign operations

Techvista Information Technology W.L.L.	70,581,868	28,522,894
Systems Arabia for Information Technology	22,816,669	7,116,014
SYS Egypt for Information Technology Services	16,575,676	13,475,250
Systems International IT Pte. Ltd.	(227,336,311)	32,401,375
Systems Africa for Information Technologies Pty. Ltd.	2,771,724	322,466
Sys Malaysia - PKR	(697,748)	-
Systems QFZ - PKR	(23,898,532)	-
TechVista Systems FZ - LLC	(1,210,940,536)	(606,285,730)
	(1,350,127,190)	(524,447,731)
	(3,298,286,864)	(1,761,192,407)

Temporary differences of Rs 1,350.13 million (2022: Rs 524.45 million) have arisen as a result of the translation of the financial statements of the Holding Company's subsidiaries in foreign jurisdictions. However, a deferred tax liability has not been recognised as the liability will only crystallise in the event of disposal of the subsidiary, and no such disposal is expected in the foreseeable future.

The subsidiaries of the Holding Company have undistributed earnings of Rs 1,948.16 million (2022: Rs 1,236.75 million) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the Holding Company is able to control the timing of distributions from its subsidiaries and is not expected to distribute these profits in the foreseeable future.

42 Operating Segment Information

Although the Group still reports geographical segments to the CODM, these are no longer the primary focus of the Group's operations and reporting. Instead, the four primary segments now revolve around industry verticals, reflecting the company's strategic shift:

- Banking Financial Services & Insurance (BFSI): This segment likely includes activities related to banking, financial services, and insurance.
- Retail & CPG (Consumer Packaged Goods): This segment encompasses retail operations and consumer goods.
- Telco (Telecommunications): This segment involves telecommunications services and technologies.
- Technology: This segment includes technology-related solutions, products and services.
- Others: This catch-all category may include any remaining segments that don't fall into the specific verticals mentioned above.

	BFSI		Retail & CPG		Technology		Telco		Others		Total	
	Rupees											
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	15,266,377,603	10,581,013,244	5,716,017,251	4,518,704,676	7,392,504,078	4,497,728,561	11,808,584,417	5,155,842,292	13,251,999,827	7,006,638,490	53,435,483,176	31,759,927,263
Cost of revenue	(12,906,257,230)	(8,773,178,141)	(3,366,741,136)	(2,509,444,745)	(4,668,907,624)	(2,851,063,588)	(8,686,900,936)	(3,917,636,993)	(10,149,990,464)	(5,072,324,429)	(39,778,797,390)	(23,123,647,896)
Gross profit	2,360,120,373	1,807,835,103	2,349,276,115	2,009,259,931	2,723,596,454	1,646,664,973	3,121,683,481	1,238,205,299	3,102,009,363	1,934,314,061	13,656,685,786	8,636,279,367
Distribution expenses	(448,420,280)	(196,472,367)	(167,896,938)	(116,076,952)	(217,140,492)	(115,538,115)	(346,854,301)	(132,443,809)	(389,251,834)	(179,987,253)	(1,569,563,845)	(740,518,496)
Administrative expenses	(1,137,831,591)	(659,038,964)	(426,025,425)	(389,363,835)	(550,977,114)	(387,556,383)	(880,115,817)	(444,264,158)	(987,696,259)	(603,741,964)	(3,982,646,206)	(2,483,965,304)
	(1,586,251,871)	(855,511,331)	(593,922,363)	(505,440,787)	(768,117,606)	(503,094,498)	(1,226,970,118)	(576,707,967)	(1,376,948,093)	(783,729,217)	(5,552,210,051)	(3,224,483,800)
Profit / (loss) before taxation and unallocated income and expenses	773,868,502	952,323,772	1,755,353,752	1,503,819,144	1,955,478,848	1,143,570,475	1,894,713,363	661,497,332	1,725,061,270	1,150,584,844	8,104,475,735	5,411,795,567
Unallocated income and expenses:												
Other operating expenses											(166,791,530)	(89,326,377)
Reversals of impairment losses / (Impairment losses) on financial assets											(205,137,108)	40,359,108
Exchange gain											2,257,667,541	1,374,810,504
Other income											935,930,604	855,249,647
Impairment loss on investment in associates											(729,463,249)	-
Share of loss of associate											(48,069,294)	(323,899,362)
Finance cost											(868,990,456)	(287,819,752)
											1,175,146,508	1,569,373,768
Profit before taxation											9,279,622,243	6,981,169,335
Taxation											(590,732,350)	(351,508,026)
Profit for the year											8,688,889,893	6,629,661,309

42.1 Allocation of assets and liabilities

	BFSI		Retail & CPG		Technology		Telco		Others		Unallocated		Total	
	Rupees													
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Segment operating assets														
Property and equipment	1,068,896,682	975,015,695	435,114,172	376,796,297	634,565,494	515,644,747	633,756,849	482,808,516	968,247,995	592,334,095	-	-	3,740,581,192	2,942,599,350
Intangibles	10,048,219,848	7,812,615,411	73,678,332	32,229,562	92,745,578	32,079,951	138,950,349	36,773,933	158,009,862	49,974,696	-	-	10,511,603,969	7,963,673,553
Long term investments	-	-	-	-	-	-	-	-	-	-	101,886,235	243,023,912	101,886,235	243,023,912
Investment in associates	-	-	-	-	-	-	-	-	-	-	282,459,724	951,034,316	282,459,724	951,034,316
Right-of-use asset	179,444,945	192,228,081	76,998,263	74,286,834	112,293,379	101,661,338	112,150,281	95,187,549	171,342,186	116,780,937	-	-	652,229,054	580,144,739
Long term loans	145,361,285	98,753,050	62,373,261	38,163,266	90,964,446	52,226,330	90,848,527	48,900,560	138,797,560	59,993,699	-	-	528,345,079	298,036,905
Deferred taxation - net	-	-	-	-	-	-	-	-	-	-	-	12,157,378	-	12,157,378
Deferred employee benefits	50,090,952	28,806,581	21,493,591	11,132,347	31,346,006	15,234,588	31,306,061	14,264,450	47,829,117	17,500,354	-	-	182,065,727	86,938,320
Long term receivable - unsecured	886,067,903	909,097,001	-	-	-	-	-	-	-	-	-	-	886,067,903	909,097,001
Long term deposits	135,158,848	21,270,254	19,914,575	9,083,629	25,345,823	9,041,462	39,829,151	10,364,421	45,260,398	14,084,944	-	-	265,508,795	63,844,710
Contract assets - unsecured	3,229,542,127	1,089,250,571	234,130,606	161,972,189	676,660,183	235,225,981	2,374,202,827	420,350,623	1,445,925,892	685,191,568	-	-	7,960,461,635	2,591,990,832
Trade debts - unsecured	3,780,157,250	1,980,775,178	283,735,512	187,199,784	2,160,863,511	2,390,797,621	3,619,715,272	1,926,178,175	2,862,343,738	2,009,896,252	-	-	12,706,815,283	8,494,847,010
Current portion of long term receivable - unsecured	298,167,633	194,200,634	-	-	-	-	-	-	-	-	-	-	298,167,633	194,200,634
Loans, advances and other receivables	955,815,811	478,021,048	132,027,101	204,142,637	168,034,493	203,194,994	264,054,203	232,926,760	300,061,594	316,540,636	-	-	1,819,993,202	1,434,826,075
Trade deposits and short term prepayments	326,067,589	364,745,879	112,193,832	155,767,588	142,792,149	155,044,505	224,387,663	177,730,826	254,985,981	241,530,981	-	-	1,060,427,214	1,094,819,779
Interest accrued	-	-	-	-	-	-	-	-	-	-	3,096,777	1,521,649	3,096,777	1,521,649
Short term investments	-	-	-	-	-	-	-	-	-	-	1,594,725,452	4,430,978,169	1,594,725,452	4,430,978,169
Income tax refunds due from the government	-	-	-	-	-	-	-	-	-	-	21,768,471	187,443,226	21,768,471	187,443,226
Current portion of deferred employee benefits	18,476,743	9,904,798	7,928,210	3,827,724	11,562,409	5,238,231	11,547,675	4,904,661	17,642,434	6,017,288	-	-	67,157,471	29,892,702
Cash and bank balances	-	-	-	-	-	-	-	-	-	-	7,982,850,983	5,814,496,232	7,982,850,983	5,814,496,232
Total operating assets	21,121,467,616	14,154,684,181	1,459,587,455	1,254,601,857	4,147,173,471	3,715,389,748	7,540,748,858	3,450,390,474	6,410,446,757	4,109,845,450	9,986,787,642	11,640,654,882	50,666,211,799	38,325,566,592
Segment operating liabilities														
Long term advances	1,177,831	2,242,226	505,397	866,512	737,065	1,185,819	736,126	1,110,306	1,124,646	1,362,180	-	-	4,281,065	6,767,043
Lease liabilities	151,659,460	162,922,950	65,075,753	62,961,822	94,905,729	86,163,088	94,784,788	80,676,227	144,811,343	98,977,707	-	-	551,237,073	491,701,794
Other long term liability - unsecured	1,818,407,518	1,040,158,349	-	-	-	-	-	-	-	-	-	-	1,818,407,518	1,040,158,349
Deferred taxation - net	-	-	-	-	-	-	-	-	-	-	117,775,797	-	117,775,797	-
Provision for gratuity	130,472,137	151,086,117	55,984,457	58,387,460	81,647,088	79,903,086	81,543,042	74,814,861	124,580,724	91,786,685	-	-	474,227,448	455,978,209
Trade and other payables	4,447,773,992	2,252,624,598	334,594,935	644,331,720	501,892,403	732,046,684	920,136,072	1,005,902,914	1,087,433,540	1,302,383,537	-	-	7,291,830,942	5,937,289,453
Unclaimed dividend	-	-	-	-	-	-	-	-	-	-	18,659,407	13,536,152	18,659,407	13,536,152
Contract liabilities	919,266,350	568,590,071	9,690,826	17,719,721	253,075,124	259,677,786	1,212,649,297	1,192,907,471	2,243,052,760	986,809,845	-	-	4,637,734,357	3,025,704,894
Short term borrowings - secured	-	-	-	-	-	-	-	-	-	-	2,119,000,000	3,110,000,000	2,119,000,000	3,110,000,000
Mark-up accrued on short term borrowings - secured	-	-	-	-	-	-	-	-	-	-	96,586,682	83,638,647	96,586,682	83,638,647
Current portion of long term advances	2,309,747	1,071,701	991,092	414,161	1,445,397	566,778	1,443,556	530,685	2,205,451	651,072	-	-	8,395,243	3,234,397
Current portion of lease liabilities	52,290,957	37,440,950	22,437,594	14,469,112	32,722,729	19,800,942	32,681,029	18,540,019	49,929,781	22,745,840	-	-	190,062,090	112,996,863
Current portion of other long term liability - unsecured	1,006,395,111	369,874,254	-	142,938,468	-	195,610,919	-	183,154,426	-	224,703,184	-	-	1,006,395,111	1,116,281,251
Total operating liabilities	8,529,753,103	4,586,011,216	489,280,054	942,088,976	966,425,535	1,374,955,102	2,343,973,910	2,557,636,909	3,653,138,245	2,729,420,050	2,352,021,686	3,207,174,799	18,334,592,733	15,397,287,052

42.2 Geographical segments

	North America		Europe		Middle East Africa		APAC		Pakistan		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees											
Revenue from customers	12,262,417,563	9,342,455,986	1,891,004,281	4,366,967,652	29,309,023,820	12,092,060,195	1,328,175,271	456,187,657	8,644,862,242	5,502,255,773	53,435,483,177	31,759,927,263
Cost of revenue	(8,004,868,767)	(5,939,851,508)	(1,170,794,836)	(3,812,741,574)	(21,263,529,575)	(8,288,345,787)	(853,812,215)	(227,475,367)	(6,485,791,997)	(4,855,233,661)	(39,778,797,390)	(23,123,647,897)
Gross profit	4,257,548,796	3,402,604,478	720,209,445	554,226,078	8,045,494,245	3,803,714,408	474,363,056	228,712,290	159,070,245	647,022,112	13,656,685,787	8,636,279,366
Distribution expenses	(32,662,366)	(8,804,651)	(19,278,570)	(1,241,579)	(1,257,016,731)	(472,074,354)	(139,451,647)	(11,828,528)	(121,154,531)	(246,569,384)	(1,569,563,845)	(740,518,496)
Administrative expenses	(1,264,922,848)	(965,926,828)	(195,065,492)	(174,610,226)	(2,132,411,896)	(1,048,262,274)	(61,830,875)	(15,675,328)	(328,415,096)	(279,490,648)	(3,982,646,207)	(2,483,965,304)
Profit / (loss) before taxation and unallocated income and expenses	(1,297,585,214)	(974,731,479)	(214,344,062)	(175,851,805)	(3,389,428,627)	(1,520,336,628)	(201,282,522)	(27,503,856)	(449,569,627)	(526,060,032)	(5,552,210,052)	(3,224,483,800)
	2,959,963,582	2,427,872,999	505,865,383	378,374,273	4,656,065,618	2,283,377,780	273,080,534	201,208,434	(290,499,382)	120,962,080	8,104,475,735	5,411,795,566
Unallocated income and expenses:												
Other operating expenses											(166,791,530)	(89,326,377)
Reversals of impairment losses / (impairment losses) on financial assets											(205,137,108)	40,359,108
Exchange gain											2,257,667,541	1,374,810,504
Other income											935,930,604	855,249,647
Impairment loss on investment in associates											(729,463,249)	-
Share of loss of associate											(48,069,294)	(323,899,362)
Finance cost											(868,990,456)	(287,819,752)
Profit before taxation											1,175,146,508	1,569,373,768
Taxation											9,279,622,243	6,981,169,334
Profit for the year											(590,732,350)	(351,508,026)
											8,688,889,893	6,629,661,308

43 Transactions with Related Parties

The related parties and associated undertakings comprise subsidiary, associated companies, companies in which directors are interested, staff retirement funds and directors and key management personnel (Note 43). Amounts due from and to related parties are shown under respective notes to the consolidated financial statements. Transactions with subsidiaries have been eliminated and other significant transactions with related parties are as follows:

Undertaking	Relation	Basis of relationship	Nature of transaction	Note	2023	2022
E-Processing Systems (Private) Limited.	Associated company	Wholly owned by Associate: E-Processing Systems B.V.	Disbursements against loan	(43.1.3)	32,144,910	74,613,843
			Receipts against loan		100,793,974	89,867,848
			Interest income		50,752,895	38,191,779
			Property and equipment sold to the party during the year		8,067,182	-
Visionet Systems Incorporation - USA	Associated company	Common shareholding of directors	Revenue	(43.1)	11,077,171,264	9,208,820,939
			Expenses incurred on behalf of the party by the Holding Company		73,187,167	113,300,990
			Expenses incurred on behalf of the Group by the party		275,557,348	90,851,807
			Payment of licenses made by the party on behalf of the company		28,206,832	-
Visionet Deutschland GMBH	Associated company	Common shareholding of directors	Revenue	(43.1.1)	646,428,545	766,590,049
			Expenses incurred on behalf of the party by the Holding Company		18,517,120	25,923,009
			Contribution		1,001,065,999	606,393,847
			Payments made on behalf of the party by the Holding Company		464,540,571	553,116,128
Visionet EMEA Limited	Associated company	Common shareholding of directors	Revenue	(43.1.2)	881,088,356	511,910,715
			Expenses incurred on behalf of the party by the Holding Company		4,730,444	5,609,797
Visionet Canada Inc.	Associated company	Common shareholding of directors	Revenue	(43.1.4)	7,371,620	-
AtClose	Associated company	Common shareholding of directors	Revenue	(43.1.5)	123,788,827	-
PartnerLinQ, Inc.	Associated company	Common shareholding of directors	Revenue	(43.1.6)	314,599,158	-

43.1 Visionet Systems Incorporation - USA (VSI) is affiliate of the Group and incorporated in United States of America (USA). The registered address of VSI is Cedarbrook Corporate Center, 4 Cedarbrook Drive, Bldg. B Cranbury, NJ 08512-3641.

43.1.1 Visionet Deutschland GMBH is affiliate of the Group and incorporated in Germany. The registered address is Maximilian Street 13, 80539, Munchen, Germany.

43.1.2 Visionet EMEA Limited UK is affiliate of the Group and incorporated in the United Kingdom. The registered address is Wellington Way, Brooklands Business Park, Weybridge, Surrey KT13 0TT, GB.

43.1.3 E-Processing Systems (Private) Limited is wholly owned subsidiary of E-Processing Systems B.V., which is an associated company of the Group. The registered office of E-Processing Systems (Private) Limited is situated at Suite # 201, 202, 2nd Floor Office Block, Penta Square CCA, Sector C, DHA Phase 5, Lahore, Pakistan.

43.1.4 Visionet Canada Inc. is affiliate of the Group and incorporated in Canada. The registered address is 2425 Matheson Blvd E, Mississauga, ON L4W5K4, Canada.

43.1.5 AtClose is affiliate of the Group and incorporated in USA. The registered address is Cedarbrook Corporate Center, 4 Cedarbrook Drive, Bldg. B Cranbury, NJ 08512-3641.

43.1.6 PartnerLinQ, Inc. is affiliate of the Group and incorporated in USA. The registered address is Cedarbrook Corporate Center, 4 Cedarbrook Drive, Bldg. B Cranbury, NJ 08512-3641.

44 Remuneration Of Chief Executive Officer, Directors And Executives

The aggregate amounts charged in the accounts for the year for remuneration including certain benefits to the Chief Executive Officer, Directors and Executives of the Group are as follows :

	Chief Executive Officer		Non Executive Directors		Other Executives	
	2023	2022	2023	2022	2023	2022
Number of persons	1	1	6	6	4,188	2,319
Managerial remuneration	97,993,395	48,879,600	-	-	21,527,593,206	9,695,371,057
Retirement benefits	6,532,893	3,187,800	-	-	1,131,525,840	385,131,854
Bonus	176,063,484	81,237,997	-	-	617,968,121	310,182,862
Fees	-	-	5,300,000	5,000,000	-	-
	280,589,772	133,305,397	5,300,000	5,000,000	23,277,087,167	10,390,685,773

- 44.1** In addition to the above remuneration, the Chief Executive Officer and certain executives are also provided with Group maintained cars, free medical and mobile phone facilities in accordance with their entitlement.
- 44.2** Fees represent the amounts paid to Non Executive Directors for attending meetings of the Board and its sub-committees.
- 44.3** During the year, the Chief Executive Officer and Other Executives were granted 235,000 (2022: 491,319) and 2,361,500 (2022: 2,018,900) share options respectively, which have a vesting period of two years. Further, the impact of benefits available to the Chief Executive and other executives recognized by the Group on account of share-based payment plans aggregated to Rs 16.99 million (2022: Rs 10.2 million) and Rs 161.58 million (2022: Rs 164.52 million), respectively.
- 44.4** During the current year, the chief executive officer and certain executives of the Group exercised stock option under employee stock option scheme according to which Nil (2022: 627,037) and 1,013,700 (2022: 276,652) shares respectively were issued to them.

45 Earnings per share- basic and diluted

Earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of the Group by weighted average number of shares outstanding during the year as follows:

45.1 Basic earnings per share

	2023	2022
Profit for the year	8,688,546,281	6,628,727,695
Weighted-average number of ordinary shares outstanding during the year	291,016,682	280,724,021
Basic earnings per share (Rupees)	29.86	23.61

45.2 Diluted earnings per share

	Note	2023	2022
Profit for the year		8,688,546,281	6,628,727,695
Weighted average number of ordinary shares (basic)		291,016,682	280,724,021
Effect of share options		1,912,326	1,900,603
Weighted average number of ordinary shares - diluted		292,929,008	282,624,624
Diluted earnings per share (Rupees)		29.66	23.45

46 Cash Generated From Operations

	Note	2023	2022
			Rupees
Profit before taxation		9,279,622,243	6,981,169,335
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation on property and equipment	7.1.3	718,070,542	471,741,487
Depreciation on right-of-use assets	11.1	206,546,640	126,301,073
Amortization of intangibles	8.2	973,890,711	223,831,873
Amortization of deferred employee benefits	13	53,010,107	20,539,740
Gain on derecognition of lease		-	(13,873,401)
Gain on dilution of interest in associate	39	(119,588,349)	-
Loss on derivative financial instruments	38	-	87,966,377
Share based payment expense		269,268,823	160,921,526
Allowance for ECLs / provision for doubtful debts:			
- contract assets	37	126,299,528	10,607,628
- trade debts	37	66,497,234	(50,966,736)
- Others	37	12,340,346	-
Security deposits written off		2,235,593	1,360,000
Finance costs	40	741,892,505	260,547,226
Impairment loss on investments in associates	10	729,463,249	-
Loss on remeasurment of investments	38	154,468,911	-
Loss / (gain) on investments classified as fair value through profit or loss	39	28,917,136	(47,000,841)
Provision for gratuity	28	257,439,889	252,240,153
Share of loss from associates	10	48,069,294	323,899,362
Unwinding of long term receivable	39	(63,771,322)	(15,164,173)
Unwinding of long term liabilities	40	127,097,951	27,272,526
Exchange gain	39	(2,272,619,261)	(1,374,810,504)
Profit on deposit accounts	39	(82,711,626)	(36,011,729)
Profit on term deposit receipts and sukuks	39	(69,634,100)	(30,405,695)
Dividend income on mutual funds	39	(220,627,522)	(492,377,873)
Interest on loan to related parties	39	(51,222,549)	(18,638,900)
Gain on modification of financial liability	39	(50,724,226)	-
Loss / (gain) on disposal of property and equipment		1,184,995	(82,844,279)
Liabilities written back	39	(197,126,459)	(73,686,636)
Effect of discounting of long term loans	39	(82,935,220)	(33,789,390)
Effect of discounting of long term security deposits	39	(3,139,937)	(1,630,628)
		10,582,215,126	6,677,197,521
Working capital changes			
Contract Assets		(5,496,239,097)	(1,680,387,950)
Long term deposits		(205,920,185)	91,387,486
Trade debts		(1,751,883,342)	(686,014,732)
Loans paid to employees - net		(416,428,262)	(318,691,959)
Long term receivable - secured		-	1,827,798,000
Advances and other receivables		(326,166,410)	(590,333,022)
Trade deposits and short term prepayments		(373,388,090)	(191,783,943)
Trade and other payables		2,837,864,656	(1,066,785,527)
Contract Liabilities		1,612,029,463	2,085,569,022
		(4,120,131,267)	(529,242,625)
		6,462,083,859	6,147,954,896

47 Cash And Cash Equivalents

	2023	2022
		Rupees
Cash and bank balances	6,825,452,880	5,062,643,191
Short term investments	435,306,340	-
	7,260,759,220	5,062,643,191

48 Financial Risk Management

Financial instruments comprise deposits, unbilled revenue, interest accrued, trade debts, advances to employees against salaries, loans, other receivables, cash and bank balances and short term investments, trade and other payables and mark up accrued on short term borrowings.

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

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

This note represents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital.

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

48.1 Market risk

48.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Group are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the statement of profit or loss.

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Group's profit before tax. transactions or receivables and payables that exist due to transactions in foreign currencies.

	2023	2022
	Rupees	
USD		
Trade debts	19,867,129	10,512,361
Contract Assets	902,913	-
Bank balance	1,041,354	481,047
Other receivable	806,395	87,889
Other payable	(2,425,565)	(833,060)
	20,192,226	10,248,237
AUD		
Trade debts	162,259	169,049
Other receivable	-	-
	162,259	169,049
AED		
Trade debts	64,635,951	41,197,417
Contract Assets	50,563,145	13,773,595
Other receivables	432,268	49,697,266
Bank	66,788,392	50,479,223
Other payable	(32,541,253)	(31,326,034)
	149,878,503	123,821,467
QAR		
Trade debts	7,615,480	10,274,029
Contract Assets	3,739,816	4,598,203
Bank	5,414,590	1,913,680
Trade payable	(3,762,547)	(1,247,842)
Other receivable	274,801	275,953
	13,282,140	15,814,023
GBP		
Trade debts	1,735,156	1,571,476
Other receivable	6,990	31,055
	1,742,146	1,602,531

EUR		
Trade debts	-	979,175
Trade payable	(224,207)	-
Other receivable	1,366	105,283
	(222,841)	1,084,458
EGP		
Trade debts	2,857,179	502,112
Contract Assets	2,265,142	21,969
Bank	3,938,160	5,243,589
Trade Payable	(5,474,893)	(288,007)
	3,585,588	5,479,663
SGD		
Trade debts	-	8,340,721
Bank	2,288,383	9,465,473
Other receivable	477,023	
Trade Payable	(3,705,424)	(16,254,289)
	(940,018)	1,551,905
CAD		
Trade debts	34,089	-
	34,089	-
SAR		
Trade debts	6,115,665	4,823,852
Contract Assets	17,691,441	2,332,783
Bank	5,433,603	3,833,259
Trade payable	(4,568,442)	(719,589)
Other receivable	49,473	1,098,004
	24,721,740	11,368,309
ZAR		
Trade debts	4,039,411	-
Contract Assets	3,455,389	-
Bank	631,488	-
Trade payable	(632,368)	-
Other receivable	100	-
	7,494,020	-

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Group's profit before tax.

	Changes in Rate	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
		2023	2023	2022	2022
USD	+10%	568,815,006	403,858,654	523,114,113	371,411,020
	-10%	(568,815,006)	(403,858,654)	(523,114,113)	(371,411,020)
AUD	+10%	3,127,542	2,220,555	2,593,548	1,841,419
	-10%	(3,127,542)	(2,220,555)	(2,593,548)	(1,841,419)
AED	+10%	1,150,467,389	816,831,846	883,451,916	627,250,860
	-10%	(1,150,467,389)	(816,831,846)	(883,451,916)	(627,250,860)
QAR	+10%	101,701,346	72,207,956	98,394,852	69,860,345
	-10%	(101,701,346)	(72,207,956)	(98,394,852)	(69,860,345)
GBP	+10%	62,644,086	44,477,301	43,704,223	31,029,998
	-10%	(62,644,086)	(44,477,301)	(43,704,223)	(31,029,998)
EUR	+10%	(6,951,302)	(4,935,424)	26,141,937	18,560,775
	-10%	6,951,302	4,935,424	(26,141,937)	(18,560,775)
SAR	+10%	185,734,433	131,871,447	67,948,535	48,243,460
	-10%	(185,734,433)	(131,871,447)	(67,948,535)	(48,243,460)
SGD	+10%	(19,849,420)	(14,093,088)	26,239,610	18,630,123
	-10%	19,849,420	14,093,088	(26,239,610)	(18,630,123)
EGP	+10%	3,234,200	2,296,282	5,019,371	3,563,754

	-10%	(3,234,200)	(2,296,282)	(5,019,371)	(3,563,754)
CAD	+10%	725,550	515,141	-	-
	-10%	(725,550)	(515,141)	-	-
ZAR	+10%	11,413,392	8,103,508	-	-
	-10%	(11,413,392)	(8,103,508)	-	-

Profit and equity are more sensitive to movements in exchange rates in 2023 than 2022 because of the increased amount of foreign currency denominated revenue.

The following exchange rates were applicable during the year:

Reporting date rate:	2023	2022
USD	281.70	226.3
AUD	192.75	153.4
AED	76.76	61.6
QAR	76.57	62.2
GBP	359.58	272.7
EUR	311.94	241.1
SAR	75.13	59.8
EGP	9.02	9.20
SGD	211.16	169.1
CAD	212.84	166.9
ZAR	15.23	13.3
Average rate:		
USD	283.3	205.5
AUD	189.3	141.9
AED	77.1	56.0
QAR	77.8	56.4
GBP	358.4	251.8
EUR	308.9	215.2
SAR	75.5	54.5
EGP	9.8	10.0
SGD	212.5	165.8
CAD	210.8	165.4
ZAR	15.4	13.5

The Group is not exposed to other price risk as its investments are fixed with respect to price and maturity.

48.1.2 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has no significant long-term interest-bearing assets. The Group's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2023	2022
	Rupees	
Fixed Rate instruments		
Financial assets		
Short term investments	717,306,340	177,000,000
Long term loans	712,111,946	398,150,748
	1,429,418,286	575,150,748
Floating rate		
Financial liabilities		
Lease liabilities	741,299,163	604,698,657
	741,299,163	604,698,657
Net Exposure	688,119,123	(29,547,909)
Variable rate instruments		
Financial assets		
Bank balances - deposit accounts	993,354,328	251,442,738
Loans to related parties	236,257,805	265,510,608
	1,229,612,133	516,953,346
Financial liabilities		
Short term borrowings	2,119,000,000	3,110,000,000
Net Exposure	(889,387,867)	(2,593,046,654)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the date of statement of financial position would not affect the profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

The impact of changes in average effective interest rate for the year is given below:

		Increase/ Decrease in rate	Effect on profit before tax	Effect on Equity
			Rupees	
Financial assets	2023	+1	12,296,121	8,730,246
		-1	(12,296,121)	(8,730,246)
	2022	+1	5,169,533	3,670,368
		-1	(5,169,533)	(3,670,368)
Financial liabilities	2023	+1	21,190,000	15,044,900
		-1	(21,190,000)	(15,044,900)
	2022	+1	31,100,000	22,081,000
		-1	(31,100,000)	(22,081,000)

48.1.3 Other price risk

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 interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. There is other price risk of changes in the fair value of investment in mutual funds as a result of changes in the levels of net asset value of units held by the Group. As at 31 December 2023, had there been increase / decrease in net asset value by 1%, with all other variables held constant, the profit before tax for the year and equity would have been higher / lower by Rs 0.29 million (2022: 0.47 million) and Rs 0.21 million (2022: 0.33 million).

48.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed completely to perform as contracted. The Group does not have significant exposure to any individual third party. 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 the credit exposure towards the customers and makes allowance for ECLs against those balances considered doubtful of recovery. Outstanding customer receivables are regularly monitored.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry.

The credit risk on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high credit ratings. The Group believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and subscribers in case of trade debts.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2023	2022
	Rupees	
Interest free loans to employees	528,345,079	298,036,906
Contract Assets	7,960,461,635	2,591,990,933
Trade debts	12,706,815,283	8,494,847,010
Trade deposits	729,641,733	634,648,013
Loans to related parties	236,257,805	265,510,608
Other receivables	13,950,526	12,915
Interest accrued	3,096,777	1,521,649
Short term investment	717,306,340	177,000,000
Bank balances	7,848,031,095	5,800,488,678
	30,743,906,273	18,264,056,712
The aging of trade debts at the reporting date is:		
Not Past Due	9,098,345,962	7,355,713,513
Past due 0-90 days	1,938,402,259	860,162,812
Past due 91-180 days	671,950,130	352,190,596
Past due 181-270 days	447,956,701	202,827,938
Past due 271-360 days	594,161,156	27,579,386
Past due 361 days and above	233,465,390	57,314,835
	(17)	12,984,281,598
	12,984,281,598	8,855,789,080
The aging of contract assets - secured at the reporting date is:		
Unbilled revenue		
0 - 90 days	4,807,684,643	1,253,982,944
91 - 180 days	1,421,879,148	639,029,161
181 - 270 days	849,240,216	234,156,769
271 - 365 days	318,081,938	175,687,951
One year and above	270,579,052	10,396,470
	(16.1)	7,667,464,997
	7,667,464,997	2,313,253,295

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and short term investments held with some major counterparties at the reporting date:

Particulars	Short term	Long term	Agency	2023	2022
				Rupees	
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,123,255,874	429,411,611
Bank Islami Pakistan Limited	A1	A+	PACRA	7,694,419	9,844,201
United Bank Limited	A1+	AAA	JCR-VIS	11,322,152	3,546,910
The Saudi National Bank	F2	A-	Moody's	408,052,142	164,533,569
Bank Albilad	A3	A3	Moody's	174,377	19,372
Commercial International Bank Egypt S.A.E (CIB)	B	B+	Fitch	-	47,985,532
Habib Bank AG Zurich Dubai	A1+	AA+	PACRA	161,884,342	3,053,236,514
Habib Bank Limited Dubai	A1+	AAA	JCR-VIS	788,461,919	-
MCB AE	A1+	AAA	PACRA	3,042,167,765	925,608,874
Investec Bank PLC	F2	BBB+	Fitch	-	26,231,326
OCBC	A-1	A+	Moody's	-	4,269,101
Habib Bank Limited Singapore	A1+	AAA	JCR-VIS	173,352,949	839,484,736
Commercial Bank of Qatar	F2	A-	Fitch	414,595,156	117,490,959
Faysal Bank Limited	A1+	AA	PACRA	45,948,846	27,442,645
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	73,932,053	17,191,278
FINCA Microfinance Bank Limited	A2	A-	PACRA	1,134,223	790,198
Meezan Bank Limited	A1+	AAA	JCR-VIS	18,465,626	6,312,355
Bank Alfalah Limited	A1+	AA+	PACRA	1,122,654	3,544,676
Habib Bank Limited	A1+	AAA	JCR-VIS	104,226,245	11,871,431
MCB Bank Limited	A1+	AAA	PACRA	139,787,128	89,133,970
Mobilink Microfinance Bank	A1	A	PACRA	1,525,089	1,651,704
JS Bank Limited	A1+	AA-	PACRA	22,397	22,397
The National Bank of Ras Al Khaimah (P.J.S.C)	F2	BBB+	Fitch	18,638,556	-
WESTPAC BANKING CORPORATION	F1	A+	Fitch	16,882,057	-
Commercial International Bank Egypt	B	B-	Fitch	35,522,212	-
OCBC Singapore	AAA	AA-	Fitch	3,654,327	-
MCB Bank Limited - Singapore	A1+	AAA	PACRA	38,724,972	-
U Microfinance Bank Limited	A1+	AA+	PACRA	142,270,267	-
Investec Bank Africa	B	BB-	Fitch	9,604,932	-
Bank Al-Habib Limited	A1+	AAA	PACRA	371,810	20,231,071
Samba Bank	A-1	AA	JCR-VIS	200,359	-
Dubai Islamic Bank	A1+	AA	JCR-VIS	1,059,789,336	-
Allied Bank Limited	A1+	AAA	PACRA	5,244,888	632,226
				7,848,031,095	5,800,488,678

Particulars	Short term	Long term	Agency	2023	2022
				Rupees	
TDRs					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	269,050,785	150,000,000
Habib Bank Limited	A1+	AAA	JCR-VIS	448,255,555	27,000,000
				717,306,340	177,000,000
Mutual Funds					
AL Habib Asset Management Limited	Not Available	AM2	PACRA	125,258,150	938,895,542
Al-Meezan Investment Management Limited	Not Available	AM1	PACRA	-	1,346,230,290
NBP Fund Management Limited	Not Available	AM1	PACRA	-	305,329,170
MCB-Arif Habib Savings and Investments Limited	Not Available	AM1	PACRA	-	488,442,573
ABL Asset Management Company Limited	Not Available	AM1	PACRA	250,717,910	304,115,215
Alfalah Asset Management Limited	Not Available	AM2+	PACRA	251,096,305	303,774,456
Lakson Investments Limited	Not Available	AM2+	PACRA	-	200,677,493
UBL Fund Managers Limited	Not Available	AM1	JCR-VIS	-	304,022,126
Faysal Asset Management Limited	Not Available	AM2+	JCR-VIS	250,346,747	62,491,304
				877,419,112	4,253,978,169

48.2.1 The expected loss rates of trade debts are based on the payment profiles of sales over a period of 24 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the consumer price index of the countries in which it sells its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

	Local private customers			Local government customers			Export customers			Total	
	Expected loss rate %	Trade debts Rupees	Loss allowance	Expected loss rate %	Trade debts Rupees	Loss allowance	Expected loss rate %	Trade debts Rupees	Loss allowance	Trade debts Rupees	Loss allowance
December 31, 2023											
Not Past Due	0.14%	995,754,126	1,403,839	0.29%	209,059,110	607,926	0.02%	7,654,899,074	1,431,361	8,859,712,310	3,443,126
Past due 0-90 days	1.34%	132,377,270	1,775,160	1.45%	8,778,665	127,594	0.01%	1,783,933,156	152,767	1,925,089,091	2,055,521
Past due 91-180 days	7.49%	11,752,566	880,401	6.37%	29,296,267	1,866,162	1.58%	128,405,352	2,027,968	169,454,185	4,774,531
Past due 181-270 days	26.37%	20,048,968	5,286,244	23.90%	183,001	43,735	6.05%	49,082,559	2,969,183	69,314,528	8,299,162
Past due 271-360 days	82.12%	7,524,337	6,178,719	69.87%	14,105,982	9,855,816	21.91%	43,548,730	9,539,557	65,179,049	25,574,092
Past due 361 days and above	100.00%	34,970,694	34,970,694	100.00%	16,856,472	16,856,472	100.00%	35,725,844	35,725,844	87,553,010	87,553,010
		1,202,427,961	50,495,057		278,279,497	29,357,705		9,695,594,715	51,846,680	11,176,302,173	131,699,442
Financial institutions ¹		1,165,170,160	53,153,566		-	-		642,809,265	92,613,307	1,807,979,425	145,766,873
Gross trade debts		2,367,598,121	103,648,623		278,279,497	29,357,705		10,338,403,980	144,459,987	12,984,281,598	277,466,315
December 31, 2022											
Not Past Due	0.90%	356,133,743	3,213,765	1.31%	81,359,279	1,065,072	0.20%	5,887,896,545	11,677,844	6,325,389,567	15,956,681
Past due 0-90 days	3.63%	263,149,369	9,541,791	6.75%	54,730,451	3,696,499	2.07%	597,013,443	12,385,823	914,893,263	25,624,113
Past due 91-180 days	19.95%	148,239,945	29,579,025	24.93%	24,358,856	6,071,896	6.73%	203,950,651	13,730,482	376,549,452	49,381,403
Past due 181-270 days	82.44%	33,370,365	27,510,320	98.06%	1,941,473	1,903,749	50.23%	169,457,573	85,123,090	204,769,411	114,537,159
Past due 271-360 days	100.00%	27,999,453	27,999,453	100.00%	2,592,763	2,592,763	100.00%	3,081,206	3,081,206	33,673,422	33,673,422
Past due 361 days and above	100.00%	35,404,256	35,404,256	100.00%	3,501,273	3,501,273	100.00%	18,409,306	18,409,306	57,314,835	57,314,835
		864,297,131	133,248,610		168,484,095	18,831,252		6,879,808,724	144,407,751	7,912,589,950	296,487,613
Financial institutions ¹		943,199,130	64,454,457		-	-		-	-	943,199,130	64,454,457
Gross trade debts		1,807,496,261	197,703,067		168,484,095	18,831,252		6,879,808,724	144,407,751	8,855,789,080	360,942,070

¹ For financial institutions, ECL has been computed on the basis of their credit ratings issued by external credit rating agencies.

The Group has applied the IFRS's simplified approach and has calculated ECLs based on lifetime expected credit losses except for cases otherwise disclosed. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

As at year end, 20.73% of revenue (2022: 29%) was represented by one customer (2022: one customer) amounting to Rs 11,077.17 million (2022: Rs 2,927.45 million). The management believes that the Group is not exposed to customer concentration risk as this customer is a related party of the Group.

48.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The following are the contractual maturities of financial liabilities:

The following are the contractual maturities of financial liabilities as at 31 December 2023:

	Carrying amount	Contractual cash flows	Less than one year	One to five years	More than five years
	Rupees				
Lease Liabilities	741,299,163	918,606,939	267,412,338	624,307,888	26,886,713
Unclaimed Dividend	18,659,407	18,659,407	18,659,407	-	-
Short term borrowings - secured	2,119,000,000	2,119,000,000	2,119,000,000	-	-
Mark-up accrued on short term borrowings - secured	96,586,682	96,586,682	96,586,682	-	-
Other long term payable	2,824,802,629	2,866,540,636	912,128,579	1,954,412,057	-
Trade and other payables	7,291,830,942	7,291,830,942	7,291,830,942	-	-
	13,092,178,823	13,311,224,606	10,705,617,948	2,578,719,945	26,886,713

The following are the contractual maturities of financial liabilities as at 31 December 2022:

	Carrying amount	Contractual cash flows	Less than one year	One to five years	More than five years
	Rupees				
Lease Liabilities	604,698,657	767,810,351	170,553,430	570,370,208	26,886,713
Unclaimed Dividend	13,536,152	13,536,152	13,536,152	-	-
Short term borrowings - secured	3,110,000,000	3,110,000,000	3,110,000,000	-	-
Mark-up accrued on short term borrowings - secured	83,638,647	83,638,647	83,638,647	-	-
Other long term payable	2,156,439,599	2,265,000,000	1,132,500,000	1,132,500,000	-
Trade and other payables	5,937,289,453	5,937,289,453	5,937,289,453	-	-
	11,905,602,508	12,177,274,603	10,447,517,682	1,702,870,208	26,886,713

48.4 Fair values of financial assets and liabilities

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

48.5 Financial instruments by categories

	2023		
	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
Assets as per statement of financial position	Rupees		
Long term receivable – unsecured	-	1,184,235,536	1,184,235,536
Interest free loans to employees	-	712,111,946	712,111,946
Contract Assets	-	7,960,461,635	7,960,461,635
Trade debts	-	12,706,815,283	12,706,815,283
Loans to related parties	-	295,152,835	295,152,835
Other receivables	-	13,950,526	13,950,526
Security deposits	-	464,132,938	464,132,938
Interest accrued	-	3,096,777	3,096,777
Short term investments	877,419,112	717,306,340	1,594,725,452
Cash and bank balances	-	7,982,850,983	7,982,850,983
	877,419,112	32,040,114,799	32,917,533,911

	2022		
	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
Assets as per statement of financial position	Rupees		
Long term receivable – unsecured	-	1,103,297,635	1,103,297,635
Long term investments	154,468,912	-	154,468,912
Interest free loans to employees	-	398,150,748	398,150,748
Contract assets	-	2,591,990,933	2,591,990,933
Trade debts	-	8,494,847,010	8,494,847,010
Loan to related parties	-	421,894,805	421,894,805
Other receivables	-	12,915	12,915
Security deposits	-	570,803,303	570,803,303
Interest accrued	-	1,521,649	1,521,649
Short term investments	4,253,978,169	177,000,000	4,430,978,169
Cash and bank balances	-	5,814,496,232	5,814,496,232
	4,408,447,081	19,574,015,230	23,982,462,311

	2023 Financial assets at amortized cost	2022 Financial liabilities at amortized cost"
Liabilities as per statement of financial position		
Lease liabilities	741,299,163	604,698,657
Other long term liability – unsecured	3,831,197,740	2,156,439,599
Mark-up accrued on short term borrowings	96,586,682	83,638,647
Short term borrowings	2,119,000,000	3,110,000,000
Unclaimed Dividend	18,659,407	13,536,152
Trade and other payables	7,291,830,942	5,937,289,453
	14,098,573,934	11,905,602,508

48.6 Fair value hierarchy

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. The table below analyses financial instruments carried at fair value by valuation method. The different level have been defined as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Fair value measurement using

	"Quoted price in active market (Level 1)"	"Significant observable inputs (Level 2)"	"Significant unobservable inputs (Level 3)"	Total
Rupees				
As at 31 December 2023				
Fair value through profit and loss				
- Jomo Technologies (Private) Limited	-	-	-	-
- Mutual Fund units	-	877,419,112	-	877,419,112
As at 31 December 2022				
Fair value through profit and loss				
- Jomo Technologies (Private) Limited	-	-	154,468,912	154,468,912
- Mutual Fund units	-	4,253,978,169	-	4,253,978,169

There were no transfers between Level 1, Level 2 and Level 3 during 2023 and 2022.

Refer note 8.1 for disclosure of assumptions and inputs used in the valuation of level 3 financial instruments

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. A change of 1% in value arrived at reporting date would have no effect on the profit or loss.

48.7 Capital risk management

The Group's policy is to safeguard the Group's ability to remain as a going concern and ensure a strong capital base in order to maintain investors', creditors' and market's confidence and to sustain future development of the business. The Board of Directors monitors the returns on capital, which the group defines as net operating income divided by total shareholders' equity. The Group's objectives when managing is:

- a) to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- b) to provide an adequate return to shareholders by pricing products.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

Consistent with the industry norms, the Group monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the balance sheet less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt (as defined above).

The debt - to- equity ratio as to 31 December is as follows:

	2023	2022
Rupees		
Lease Liabilities	741,299,163	604,698,657
Other long term liability - unsecured	3,831,197,740	2,156,439,599
Trade and other payables	7,291,830,942	5,937,289,453
Short term borrowings - secured	2,119,000,000	3,110,000,000
Mark-up accrued on short term borrowings - secured	96,586,682	83,638,647
Less: Cash and cash equivalents	(7,260,759,220)	(5,062,643,191)
Net debt	6,819,155,307	6,829,423,165
Total capital	32,331,619,066	22,928,279,541
Capital and net debt	39,150,774,373	29,757,702,706
Capital gearing ratio	17.42%	22.95%

49 Shariah Screening Disclosure

	2023		2022	
	Conventional	Shariah compliant	Conventional	Shariah compliant
Short term borrowings - secured	719,000,000	1,400,000,000	1,410,000,000	1,700,000,000
Short term investments	462,306,340	1,132,419,112	177,000,000	4,253,978,169
Cash and bank balances	6,714,802,787	1,133,228,308	5,154,577,043	659,919,189
Other income				
- Profit on deposit accounts	55,681,445	27,030,181	22,423,115	13,588,614
- Profit on term deposit receipts and sukus	4,961,121	64,672,979	30,405,695	-
- Income on mutual funds	-	220,627,522	-	539,378,714
Mark-up paid	314,772,371	233,394,038	205,843,040	81,976,712

50 Number Of Employees

	2023	2022
	Rupees	
Total number of employees at the end of the year were as follows:		
Regular	6,021	5,187
Contractual	1,377	960
	7,398	6,147
Average number of employees during the year were as follows:		
Regular	5,794	4,945
Contractual	887	1,120
	6,681	6,065

51 Subsequent Events

51.1 The Board of Directors in their meeting held on 22nd March 2024 have proposed a final cash dividend for the year ended December 31, 2023 of Rs 6 (2022: Rs 5) per share for approval of the members at the Annual General Meeting to be held on 19th April 2024. These financial statements for the year ended December 31, 2023 do not include the effect of this appropriation.

52 Date Of Authorization For Issue

These consolidated financial statements were authorized for issue on 22nd March 2024 by the Board of Directors of the Holding Company.

53 Corresponding Figures

Corresponding figures have been 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 consolidated financial statements.

54 General

Figures have been rounded off to the nearest of rupees, unless otherwise stated.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Form of Proxy

47th Annual General Meeting

I/We _____
_____ son/daughter of _____
_____ a member of Systems Limited and holder of _____
_____ shares as per Registered Folio No. _____ do hereby appoint
Mr./Mrs. _____ Son/daughter of _____
_____ or failing him/her Mr./Mrs. _____
_____ son/daughter of _____
_____ who is also a member
of the Company vide Registered Folio No. _____ as my/our Proxy to
attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company
to be held on the 23 May 2023 at Systems Limited Office Lahore & through Video Link

In witness whereof on this _____ day of _____ 2024

WITNESS

1. Signature _____
Name _____
Address _____
_____ CNIC _____

Affix Revenue
Stamp

2. Signature _____
Name _____
Address _____
_____ CNIC _____

Member's Signature

NOTES

1. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote his/her behalf. Proxies in order to be effective must be received at the registered Office of the Company not less than 48 hours before meeting.
2. The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing. If a member is a corporation, its common seal should be affixed to the instrument.

Affix
Correct
Postage

The Company Secretary
Systems Limited
E-1, Sehjpal Near DHA Phase-VIII
(Ex-Air Avenue), Lahore Cantt.

systems

Pakistan

Lahore (Head Office)

E-1, Sehjpal Near DHA Phase-VIII
(Ex-Air Avenue), Lahore Cantt

Lahore (BPO Office)

Commercial building
Plaza No 1, Block -CCA, Phase 8C,
DHA Lahore Cantt

Karachi

E-5, Central Commercial Area,
Shaheed-e-Millat Road, Karachi

Karachi

9 B, Sumya Building, Mohammad
Ali Society Muhammad Ali Chs
(Machs), Karachi

Islamabad

Plot No. 21, 1st Floor Fazeelat
Arcade, Sector G-II Markaz,
Islamabad

Amazon Mall, 7th Floor, NH 5, Sector
A DHA Phase II, Islamabad

Multan

Plot No. 842/23 near Northern By-
pass Chowk, Bosan Road,
Multan

Faisalabad

Old Ehsan Yousaf Building,
East Canal Road, Near Jahal
Khanuwana, Faisalabad

Peshawar

3rd Floor, DC Court Building, Near
Post office, Kacheri Gate, 04 Khyber
Rd, Peshawar Cantonment,
Peshawar

UAE

Dubai

Office 603, The Exchange Tower,
Business Bay | P.O. Box: 500497
Dubai, UAE

404, Dubai Hills Business Park
3, Emaar Hills Estate | P.O. box:
500497 Dubai, UAE

Sharjah

P.O Box 42741, Hamriyah Free
Zone, Sharjah, UAE

KSA

Riyadh

3141 Anas ibn Malik Road,
Building B, 2nd Floor,
Al Malqa, Riyadh, Saudi Arabia

Bahrain

Office No. 211 Building No.85 Road
No,1802 Block No 318

Qatar

Doha

Palm Towers, Floor 41
Westbay, Doha, Qatar

South-Africa

Central Office Park No.4, 257 Jean
Avenue, Centurion, 0157, PO Box 7750,
Centurion, South Africa 0046

Australia

Level 16 1 Market Street Sydney NSW
2000, Australia

Singapore

68 Circular Road #02-01, Singapore

30 Cecil Street, #19-08 Prudential
Tower, Singapore 049712

Malaysia

D83A, Menara Suezcap1, KL
Gateway, 59200, Kaula Lumpur

Egypt

Building B 2116, the Smart Village, 28
Kms, Cairo-Alexandria Desert Road,
Giza, Egypt