

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED

STATEMENT OF NET CAPITAL BALANCE

FOR THE YEAR ENDED JUNE 30, 2018

Independent Auditors Report on Statement of Net Capital Balance

The Chief Executive Officer

Aba Ali Habib Securities (Private) Limited
Karachi

Opinion

We have audited the Statement of Net Capital Balance of **Aba Ali Habib Securities (Private) Limited** and notes to the Statement of Net Capital Balance as at June 30, 2018.

In our opinion, the financial information in the statement of the Securities Broker as at **June 30, 2018** is prepared, in all material respects, in accordance with the requirements of the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) read with Rule 2(d) of the Securities Exchange Commission (SEC) Rules 1971 (SEC Rules 1971) issued by the Securities & Exchange Commission of Pakistan (SECP).

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 Statement section of our report. We are independent of the Securities Broker in accordance with the ethical requirements that are relevant to our audit of the statement in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

The statement is prepared to assist the **Aba Ali Habib Securities (Private) Limited** to meet the requirements of the SECP, Pakistan Stock Exchange (PSX) and National Clearing Company of Pakistan Limited (NCCPL). As a result, the statement may not be suitable for another purpose. Our report is intended solely for **Aba Ali Habib Securities (Private) Limited** SECP, PSX, and NCCPL and should not be distributed to parties other than **Aba Ali Habib Securities (Private) Limited** or the SECP, PSX or NCCPL. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the statement

Management is responsible for the preparation of the statement in accordance with the Regulations and the SEC Rules 1971, and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Those charged with governance is responsible for overseeing the Securities Broker's financial reporting process.



Auditor's Responsibilities for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the statement is 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 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 this statement.

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

- Identify and assess the risks of material misstatement of the statement, 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 risks 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 Securities Broker's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance 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.


NAVEED ZAFAR ASHFAQ JAFFERY & Co.

Chartered Accountants

Engagement Partner - Tanveer Afzal Khan

NAJ



Dated: **13 SEP 2018**

Karachi:

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED
NET CAPITAL BALANCE AS AT JUNE 30, 2018

(Excess of Current Assets over Current Liabilities as determined in accordance with the Schedule II of the Securities Brokers (Licensing and Operations) Regulations, 2016)

DESCRIPTION	VALUATION BASIS	VALUE (Amount in Rupees)	
<u>CURRENT ASSETS</u>			
Cash in hand	As per book value	8,494	8,494
Cash at bank:			
- Pertaining to brokerage house	As per book value	137,843	
- Pertaining to clients	As per book value	40,053,943	
- Deposits against exposure and losses with Pakistan Stock Exchange		14,253,545	
Total bank balances	As per book value		54,445,331
Trade Receivable	Book Value	94,414,842	
	Less: overdue for more than 14 days	(9,285,848)	85,128,994
Investment in Listed Securities in the name of broker	Market value	1,232,600,815	
	Less: 15% discount	(184,890,122)	1,047,710,693
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.		2,162,579
Listed Term Finance Certificates/Corporate Bonds (Not less than BBB grade)	Market value	-	
	Less: 10% discount	-	-
Federal Investment Bonds	Market value	-	
	Less: 5% discount	-	-
Treasury bills	Market value		-
			<u>1,189,456,091</u>
<u>CURRENT LIABILITIES</u>			
Trade Payable	Book value	48,821,919	
	Less: Overdue for more than 30 days	(17,448,438)	31,373,481
Other liabilities	As classified under the generally accepted accounting principles.		825,380,676
Trade payables overdue by 30 days			17,448,438
			<u>874,202,595</u>
NET CAPITAL AS AT JUNE 30, 2018			<u><u>315,253,496</u></u>

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CHIEF EXECUTIVE



AAH
DIRECTOR



NOTES TO STATEMENT OF THE NET CAPITAL BALANCE

For the year ended June 30, 2018

1 STATEMENT OF COMPLIANCE

The statement of Net Capital Balance ("the Statement") of Aba Ali Habib Securities (Private) Limited ("the Company") has been prepared in accordance with the requirements as contained in the Schedule II of the Securities Brokers (Licensing and Operations) Regulations, 2016 and the guidebook issued by Securities and Exchange Commission of Pakistan (SECP) vide its letter dated September 08, 2016.

2 BANK BALANCES AND CASH DEPOSITS

Note ----- Rupees -----

These are stated at book value.

Cash in hand		8,494
Bank balance pertaining to:		
Brokerage house	137,843	
Client	<u>40,053,943</u>	
Total bank balance		40,191,786
Less: adjustment to restrict client account to overall creditors	2.1	-
Deposit against exposure and losses with Pakistan Exchange Limited		14,253,545
		<u><u>54,453,825</u></u>

2.1 The client's bank account balance amounting to Rs. Nil has been restricted to overall trade payable balance for the purpose of Net Capital Balance in accordance with clause 1.5 of clarification/guidelines issued by SECP on 03 July 2013 as follows:

3 TRADE RECEIVABLES

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

----- Rupees -----

Total receivable	94,414,842	
Outstanding for more than 14 days	<u>(9,285,848)</u>	
Balances generated within 14 days and/ or not yet due		85,128,994

4 INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

These include investments in following listed equity securities which are pledged with different banks as security against short term running finance facilities. Further, listed securities which are on the default counter of the stock exchange are valued at market rates prevailing as on June 30, 2018 less 15% discount as prescribed in the Schedule II of the Securities Brokers (Licensing and Operations) Regulations, 2016. Securities on default counter and those not appearing on the exposure list of the stock exchange where such securities are listed have been excluded from the calculation.

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Name of the company/ bank

No. of shares pledged

AISHA STEEL MILLS LIMITED	3,070,000
BANK ALFALAH LIMITED	9,500
THE BANK OF PUNJAB	800,000
INTERNATIONAL STEELS LIMITED	30,000
LOADS LIMITED	88,500
POWER CEMENT LIMITED	115,000
D.G. KHAN CEMENT COMPANY LIMITED	5,000
ENGRO CORPORATION LIMITED	5,000
NISHAT MILLS LIMITED	20,000
AL SHAHEER CORPORATION LIMITED	100,000
ENGRO POLYMER & CHEMICALS LIMITED	1,237,500
HI-TECH LUBRICANTS LIMITED	982,000
MUGHAL IRON AND STEEL INDUSTRIES LTD	1,269,000
SYSTEMS LIMITED	750,000
ENGRO POLYMER & CHEMICALS LIMITED	375,000
INTERNATIONAL STEELS LIMITED	95,000
K-ELECTRIC LIMITED	100,000
TRG PAKISTAN LIMITED - CLASS 'A'	415,000
D.G. KHAN CEMENT COMPANY LIMITED	77,000
ENGRO FERTILIZERS LIMITED	292,000
ENGRO FOODS LIMITED	128,000
HABIB BANK LIMITED	25,000
THE HUB POWER COMPANY LIMITED	45,000
THE BANK OF PUNJAB	50,000
TRG PAKISTAN LIMITED - CLASS 'A'	100,000
ENGRO FOODS LIMITED	13,000
MAPLE LEAF CEMENT FACTORY LIMITED	15,000
POWER CEMENT LIMITED	290,000
AISHA STEEL MILLS LIMITED	650,000
AMRELI STEELS LIMITED	52,000
THE BANK OF PUNJAB	950,000
BYCO PETROLEUM PAKISTAN LIMITED	304,000
K-ELECTRIC LIMITED	2,320,000
LOTTE CHEMICAL PAKISTAN LIMITED	226,500
MUGHAL IRON AND STEEL INDUSTRIES LTD	2,200,000
PAKISTAN NATIONAL SHIPPING CORPORATION	12,500
SUI NORTHERN GAS PIPELINES LIMITED	145,000
SUI SOUTHERN GAS COMPANY LIMITED	100,000
SHABBIR TILES & CERAMICS LIMITED	455,000
SYSTEMS LIMITED	250,000
TRG PAKISTAN LIMITED - CLASS 'A'	800,000
CHERAT CEMENT COMPANY LIMITED	20,000
D.G. KHAN CEMENT COMPANY LIMITED	278,000
ENGRO FERTILIZERS LIMITED	108,000
ENGRO CORPORATION LIMITED	78,500
FAUJI CEMENT COMPANY LIMITED	526,500
FEROZSONS LABORATORIES LIMITED	2,500
FAUJI FERTILIZER BIN QASIM LIMITED	52,500
FAUJI FERTILIZER COMPANY LIMITED	160,000
GLAXOSMITHKLINE PAKISTAN LIMITED	500
INTERNATIONAL INDUSTRIES LIMITED	37,500
INTERNATIONAL STEELS LIMITED	317,500
MAPLE LEAF CEMENT FACTORY LIMITED	600,000



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MUGHAL IRON AND STEEL INDUSTRIES LTD	545,500
NATIONAL BANK OF PAKISTAN	40,000
NISHAT MILLS LIMITED	216,500
PAK ELEKTRON LIMITED	70,000
PAKISTAN OILFIELDS LIMITED	40,000
PAK SUZUKI MOTOR COMPANY LIMITED	500
PAKISTAN STATE OIL COMPANY LIMITED	69,000
THAL LIMITED	2,500
TREET CORPORATION LIMITED	88,000

5 SECURITIES PURCHASED FOR CLIENTS

These amount represents to the lower of value of securities appearing in the clients respective sub account to the extent of overdue balance for more than 14 days or value of investments.

6 TRADE PAYABLES

This represents balance payable against trading of shares less trade payable balances overdue for more than 30 days which has been included in other liabilities.

7 OTHER LIABILITIES

These represent current liabilities, other than trade payable which are due within 30 days. Other liabilities are stated at book value.

The breakup is as follows:

	----- Rupees -----
Client margin and deposit	8,067,095
Payable to directors	2,914,330
Short term running finance	729,226,705
Taxes Payable	149,431
Accrued expenses	665,863
Dealer payables	334,520
Payable to Abid Ali Habib Securities	68,143,873
Other payable	15,878,859
	<u><u>825,380,676</u></u>

8 DATE OF ISSUANCE

This statement is being issued on 13 SEP 2018

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Q. Uddan
CHIEF EXECUTIVE

Q. Anu
DIRECTOR

