

## INDEPENDENT AUDITOR'S REVIEW REPORT ON STATEMENT OF NET CAPITAL BALANCE OF AL HABIB CAPITAL MARKETS LIMITED

To the Chief Executive Officer of Al Habib Capital Markets Limited (the Securities Broker)

### *Introduction*

We have reviewed the accompanying Statement of Net Capital Balance of **Al Habib Capital Markets Limited** (the Company) as at **30 June 2021** and notes to the Statement of Net Capital Balance as at **30 June 2021** (together 'the statement'). Management is responsible for the preparation and presentation of the statement 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). [hereinafter referred to as "the Regulation"]. Our responsibility is to express a conclusion on the statement based on our review.

### *Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" which applies to review of historical financial information performed by the independent auditor of the Securities Broker. A review of the historical financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Statement is not prepared, in all material respects, in accordance with the Regulations.

### *Other Matter - Restriction on Distribution and Use*

Our report is intended solely for the Company, SECP, Stock Exchange and National Clearing Company of Pakistan Limited and should not be distributed to any other parties. Our conclusion is not modified in respect of this matter.

The engagement partner on the review resulting in this independent auditor's review report is Arslan Khalid.



Chartered Accountants

Place: Karachi

Date: 15 September 2021



# AL Habib Capital Markets (Pvt) Ltd.

A Subsidiary of Bank AL Habib Ltd.

## AL Habib Capital Markets (Private) Limited Statement of Net Capital Balance As at 30 June 2021

(Excess of Current Assets over Current Liabilities determined in accordance with the requirements of Second Schedule of the Securities Broker (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 and Exchange Commission of Pakistan (SECP)).

DESCRIPTION	VALUATION BASIS	Note	Sub Total ----- (Rupees) -----	Total
<b><u>CURRENT ASSETS</u></b>				
Cash in hand and bank balances	As per book value	2		305,030,565
Cash deposited as margin with National Clearing Company of Pakistan Limited (NCCPL)	As per book value	3		189,315,000
Trade receivables	As per book value Less: Overdue for more than 14 days	4	513,186,308 (15,514,049)	497,672,259
Investment in listed securities in the name of broker	At market value Less: Securities pledged against Base Minimum Capital	5	153,880,970 (10,166,200)	
			143,714,770	
	Less: 15% discount on market value of securities		(21,557,215)	
				122,157,554
Securities purchased for customers	Value of shares appearing in clients respective sub account to the extent of overdue balance for more than 14 days or value of securities, whichever is less.			10,425,198
Pakistan Investment Bond	At market value Less: 5% discount	6	159,138,381 (7,956,919)	151,181,462
<b>Total Current Assets</b>		<b>A</b>		<b>1,275,782,039</b>
<b><u>CURRENT LIABILITIES</u></b>				
Trade payables	As per book value (trade base) Less: Overdue for more than 30 days	7	394,691,454 (156,226,955)	
Other liabilities	As per book value	8		238,464,499
				793,811,258
<b>Total Current Liabilities</b>		<b>B</b>		<b>1,032,275,757</b>
<b>Net Capital Balance as at June 30, 2021</b>		<b>A-B</b>		<b>243,506,282</b>

The annexed notes 1 to 9 form an integral part of the statement

  
Chief Executive Officer



  
Chief Financial Officer

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AL Habib Capital Markets (Private) Limited  
Notes to the Statement of Net Capital Balance  
As at 30 June 2021

1. STATEMENT OF COMPLIANCE

- 1.1 The statement of net capital balance ("the Statement") has been prepared in accordance with the Rule 2 (d) of, and Third Schedule to the Securities and Exchange Rules, 1971 and in accordance with the clarifications / guidelines issued by Securities and Exchange Commission of Pakistan (SECP) dated 03 July 2013, 24 June 2015 and 08 September 2016.
- 1.2 The valuation of current assets and current liabilities for the purpose of net capital balance has been determined on the basis of the following:

Description	Valuation Basis
Cash in hand or in bank	As per book value.
Cash deposited as margin with National Clearing Company of Pakistan	As per book value.
Trade receivables	Book value less those overdue for more than fourteen days.
Investment in listed securities in the name of the broker	Securities on the exposure list marked to market less 15% discount.
Securities purchased for customers	Securities purchased
Pakistan Investment Bond	Marked to market less 5% discount.
Any other assets as specified by the Commission	As per the valuation basis as determined by the Commission.
Trade Payables	Book value less those overdue for more than thirty days.
Other Liabilities	As classified under the generally accepted accounting principles.

	Note	30 June 2021 (Rupees)
<b>2. CASH IN HANDS AND BANK BALANCES</b>		
These are stated at book value.		
Cash in hand		109,110
Bank balances pertaining to:		
- AL Habib Capital Markets (Private) Limited - Current and PLS accounts		1,189,361
- Clients - current account (Settlement base)	2.1	304,120,978
		<u>305,419,449</u>
Less: Excess balance on client account over liabilities		(388,884)
		<u><u>305,030,565</u></u>

- 2.1 The client's bank account balance has been taken into account along with client wise trade payables balance on settlement base for the purpose of Net Capital Balance in accordance with clause 1.5 A of clarification / guidelines issued by SECP on 08 September 2016.

3. CASH DEPOSITED AS MARGIN WITH NCCPL

This represent cash deposited with National Clearing Company of Pakistan Limited against the exposure margin deposits. Deposits held with PSX and NCCPL as basic deposits have not been included as per the clarifications issued by Securities and Exchange Commission of Pakistan (SECP).

	30 June 2021 (Rupees)
<b>4. TRADE RECEIVABLES</b>	
These are valued at book value less adjustments of bad and doubtful debts (if any) and debts outstanding for more than 14 days.	
Total Receivable	513,186,308
Less: Outstanding for more than 14 days	(15,514,049)
Adjusted Balance	<u><u>497,672,259</u></u>



5. INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

30 June 2021 Number of shares	Name of investee	Note	30 June 2021	
			Carrying amount (Rupees)	Market value
283,609	HUBC		24,279,136	22,595,129
176,778	PPL	5.1	21,428,557	15,349,634
87,000	HBL		14,748,629	10,646,190
300,000	PSX	5.1	5,784,140	6,693,000
9,000	APL		4,617,590	2,889,270
35,200	ENGRO		10,075,009	10,370,272
157	SFL		91,385	124,030
100	SAPT		79,720	87,250
42,000	OGDC		6,266,853	3,991,260
5,000	SGF		256,835	289,150
3,567,500	JS BANK		21,226,625	20,370,425
300,000	OGDC		29,031,000	28,509,000
200,000	MCB		31,966,000	31,966,000
			<b>169,851,479</b>	<b>153,880,970</b>

5.1 These includes 40,000 shares (31 December 2020 : 100,000) of Pakistan Petroleum Limited and 300,000 shares (31 December 2020 : 300,000) Pakistan Stock Exchange Limited respectively pledged against Base Minimum Capital.

In compliance with the sub-regulation 2.1 of the Regulation Governing Risk Management (Regulations) of the Pakistan Stock Exchange Limited (PSX) (formerly Karachi Stock Exchange Limited), every Trading Right Entitlement Certificate (TREC) holder registered as a broker under Brokers and Agents Registration Rules, 2001, is required to maintain a Base Minimum Capital (BMC) in the amount and form as prescribed in the Regulations.

6. Government securities - Pakistan Investment Bonds

Tenor	Face value (Rupees)		Rupees		Percentage	
	As at 01 July 2020	As at 30 June 2021	Carrying value as at 30 June 2021	Market value as at 30 June 2021	Market value as a percentage of total investments	Market value as a percentage of net assets
3 Years	85,000,000	85,000,000	84,913,742	84,996,280	27.11	24.51
5 Years	75,000,000	75,000,000	68,454,386	74,142,102	23.65	21.38
<b>Total as at 30 June 2021</b>	<b>160,000,000</b>	<b>160,000,000</b>	<b>153,368,128</b>	<b>159,138,381</b>	<b>50.77</b>	<b>45.89</b>
<b>Total - 30 June 2021</b>			<b>153,368,128</b>	<b>159,138,381</b>	<b>50.77</b>	<b>45.89</b>

7. TRADE PAYABLES

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

8. OTHER LIABILITIES

These represents current liabilities, other than trade payable, which are due with in 30 days. Other liabilities are stated at book value.

The break up is as follows:

- Accrued expenses
- Workers' Welfare Fund
- Other liabilities
- Short Term Borrowings
- Trade payables overdue for more than 30 days
- Payable NCCPL

30 June 2021 (Rupees)
8,805,781
1,790,966
80,588,680
401,406,577
156,226,955
144,992,300
<b>793,811,258</b>





9. GENERAL

9.1 Restriction of distribution of statement

The statement is prepared to meet the requirements of the Securities and Exchange Commission of Pakistan (SECP), Pakistan Stock Exchange (PSX) and National Clearing Company of Pakistan Limited (NCCPL). As a result, this statement may not be suitable for any another purpose and should not be distributed to parties other than AL Habib Capital Markets (Private) Limited, the SECP, PSX or NCCPL.

9.2 Date of issuance

This statement is being authorized for issue on 25 DEC 2021



Chief Executive Officer



Chief Financial Officer

