

**SHAJAR CAPITAL PAKISTAN**  
**(PRIVATE) LIMITED**

**STATEMENT OF LIQUID CAPITAL BALANCE**

**FOR THE PERIOD ENDED JUNE 30, 2017**

A member firm of



## INDEPENDENT AUDITORS REPORT ON STATEMENT OF LIQUID CAPITAL

The Chief Executive Officer  
Shajar Capital Pakistan (Private) Limited (the Securities Broker)

### Opinion

We have audited the Statement of Liquid Capital of **Shajar Capital Pakistan (Private) Limited** (the Securities Broker) and notes to the Statement of Liquid Capital as at **June 30, 2017**.

In our opinion, the financial information in the statement of the Securities Broker as at **June 30, 2017** is prepared, in all material respects, in accordance with the requirements of the Third Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) 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.

### Basis of Accounting and Restriction on Distribution

We draw attention to Note 1 to the statement, which describes the basis of accounting. The statement is prepared to assist the **Shajar Capital Pakistan (Private) Limited** (the Securities Broker) 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 **Shajar Capital Pakistan (Private) Limited**, (the Securities Broker) SECP, PSX, and NCCPL and should not be distributed to parties other than **Shajar Capital Pakistan (Private) Limited**, (the Securities Broker) 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 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.

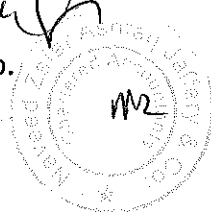
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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



Dated: September 25, 2017

SHAJAR CAPITAL PAKISTAN (PRIVATE) LIMITED

STATEMENT OF LIQUID CAPITAL BALANCE

AS AT JUNE 30, 2017

S No	Head of Account	Value In Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>1. Assets</b>				
1.1	Property & Equipment	33,017,214	33,017,214	
1.2	Intangible Assets	16,838,600	16,838,600	
1.3	Investment in Govt. Securities			
	Investment in Debt Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
1.4	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.			
	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	29,534,905	4,635,537	24,899,368
	ii. If unlisted, 100% of carrying value.			
	iii. Subscription money against investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.			
1.6	Investment in subsidiaries			
	Investment in associated companies/undertaking			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.			
	ii. If unlisted, 100% of net value.			
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity	1,152,200	1,152,200	
1.9	Margin deposits with exchange and clearing house.	50,548,011		50,548,011
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			
1.11	Other deposits and prepayments	1,922,282	1,922,282	
	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)			
1.12	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties			
1.13	Dividends receivables.			
	Amounts receivable against Repo financing.			
1.14	Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)			
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months			
	ii. Receivables other than trade receivables	67,129,302	67,129,302	
	Receivables from clearing house or securities exchange(s)			
1.16	100% value of claims other than those on account of entitlements against trading of securities in all markets including MTM gains.			
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate of (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut.			
	i. Lower of net balance sheet value or value determined through adjustments.			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value.			
	ii. Net amount after deducting haircut			
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract.			
	iii. Net amount after deducting haircut			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	12,071,851		12,071,851
	iv. Balance sheet value			
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.	6,551,254	6,980,927	6,551,254
	v. Lower of net balance sheet value or value determined through adjustments			
	vi. 100% haircut in the case of amount receivable from related parties.			
	Cash and Bank balances			
	i. Bank Balance - proprietary accounts	2,945,221		2,945,221
	ii. Bank balance-customer accounts	30,453,530		30,453,530
	iii. Cash in hand	3,795		3,795
1.19	Total Assets	252,168,165		127,473,030

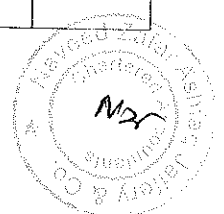


2. Liabilities

2.1	<b>Trade Payables</b>			
	i. Payable to exchanges and clearing house			
	ii. Payable against leveraged market products			
	iii. Payable to customers			
	<b>Current Liabilities</b>	43,854,133		43,854,133
2.2	i. Statutory and regulatory dues			
	ii. Accruals and other payables			
	iii. Short-term borrowings	7,369,265		7,369,265
	iv. Current portion of subordinated loans	16,055,849		16,055,849
	v. Current portion of long term liabilities			
	vi. Deferred liabilities			
	vii. Provision for bad debts			
	viii. Provision for taxation			
	ix. Other liabilities as per accounting principles and included in the financial statements			
	<b>Non-Current Liabilities</b>	23,353,341		23,353,341
2.3	i. Long-term financing			
	a. Long-term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease			
	b. Other long term financing			
	c. Staff retirement benefits			
	iii. Advance against shares for increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if:			
	a. The existing authorized share capital allows the proposed enhanced share capital			
	b. Board of Directors of the company has approved the increase in capital			
	c. Relevant Regulatory approvals have been obtained			
	d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.			
	e. Auditor is satisfied that such advance is against the increase of capital.			
iv. Other liabilities as per accounting principles and included in the financial statements				
	<b>Subordinated Loans</b>			
2.4	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified:			
	a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.			
	ii. Subordinated loans which do not fulfill the conditions specified by SECP	230,640,000	230,640,000	
2.5	<b>Total Liabilities</b>	321,272,588		90,632,588

3. Ranking Liabilities Relating to :

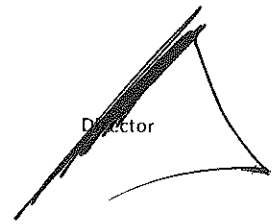
3.1	<b>Concentration in Margin Financing</b>			
	The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.			
3.2	<b>Concentration in securities lending and borrowing</b>			
	The amount by which the aggregate of:			
	(i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed			
3.3	<b>Net underwriting Commitments</b>			
	(a) in the case of right issue : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the haircut multiplied by the net underwriting			
	(b) in any other case : 12.5% of the net underwriting commitments			
3.4	<b>Negative equity of subsidiary</b>			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary			
3.5	<b>Foreign exchange agreements and foreign currency positions</b>			
	5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency			
3.6	<b>Amount Payable under REPO</b>			
	<b>Repo adjustment</b>			
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities			
	In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.			



	<b>Concentrated proprietary positions</b>			
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	500,123	500,123
	<b>Opening Positions in futures and options</b>			
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR hair cuts	-	462,908	462,908
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
	<b>Short sell positions</b>			
3.10	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	<b>Total Ranking Liabilities</b>	-	963,031	963,031
		<u>(69,104,423)</u>	<u>Liquid Capital</u>	<u>35,877,411</u>

  
Chief Executive



  
Director



**SHAJAR CAPITAL PAKISTAN (PRIVATE) LIMITED**  
**NOTES TO STATEMENT OF THE LIQUID CAPITAL BALANCE**  
For the period ended June 30, 2017

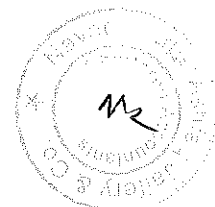
**1 BASIS OF ACCOUNTING**

- 1.1 The statement of liquid capital (the statement) has been prepared in accordance with the requirements of the third schedule of the securities Brokers (Licensing and Operations) Regulations 2016 (the regulations ) issued by the Securities and Exchange Commission of Pakistan.
- 1.2 The accounting policies and methods of computation used in the preparation of the balance sheet column of the statement are disclosed in the financial statement for the year ended June 30, 2017. Therefore the statement should be read in connections with the aforesaid financial statements.
- 1.3 The valuation of assets and liabilities for the purpose of liquid capital for the purpose of liquid capital has been determined on the basis disclosed in the statement of liquid capital.

**2 INVESTMENT IN LISTED SECURITIES**

June 30, 2017

Number of shares	Name of investee	Market value	Var Value	Lower of Var or hair cut	
				Net of 15% hair cut	cut
Rupees					
5,000	Akzo Nobel Pakistan limited	1,200,000	1,074,000	1,020,000	1,020,000
50,000	Azgard Nine Limited	556,500	425,724	473,025	425,724
2,000	Attock Refinery Limited	765,160	680,992	650,386	650,386
100,000	Byco Petroleum Pakistan Limited	1,910,000	1,699,900	1,623,500	1,623,500
20,000	Dewan Cement Limited	403,600	353,150	343,060	343,060
11,500	D.G. Kahn Cement Company Limited	2,451,340	2,193,949	2,083,639	2,083,639
200,000	Dost Steels limited	2,204,000	1,851,360	1,873,400	1,851,360
25,000	Gul Ahmed Textile Mills Limited	1,024,500	901,560	870,825	870,825
10,000	Glaxosmithkline Pakistan Limited	1,969,200	1,772,280	1,673,820	1,673,820
100,000	K-Electric Limited	690,000	617,550	586,500	586,500
25,000	National Bank of Pakistan	1,475,250	1,320,349	1,253,962	1,253,962
10,000	Oil & Gas Development Pakistan Limited	1,406,900	1,245,106	1,195,865	1,195,865
10,000	Power Cement Limited	133,800	117,075	113,730	113,730
200,000	Summit Bank Limited	824,000	564,440	700,400	564,440
15,000	Sui Northern Gas Pipelines Limited	2,233,800	1,954,575	1,898,730	1,898,730
5,000	Treet Corporation Limited	284,400	254,538	241,740	241,740
249,500	TRG pakistan Limited	10,002,455	8,752,148	8,502,087	8,502,087
		<b>29,534,905</b>	<b>25,778,696</b>	<b>25,104,669</b>	<b>24,899,368</b>



2.1 At June 30, 2017, 1,602,953 shares of Pakistan Stock Exchange Limited having market value of Rs. 41.164 million have been applied a haircut of 100% as per SECP's Circular No SMD/SE/2(20/2016) for the purpose of liquid capital, as the same are in freeze category as per CDC statement of the company.

### 3 MARGIN DEPOSIT WITH EXCHANGE AND CLEARING HOUSE

This represents deposits held with NCCPL for trading in ready and future market. Deposits held with PSX and NCCPL as basic deposits have not been included as per the clarification issued by Securities and Exchange Commission of Pakistan (SECP).

### 4 RECEIVABLES FROM CUSTOMERS

4.1 This represents receivable from customers for not more than 5 days overdue, in accordance with the clause (iv) of 1.17 of the Securities Brokers (Licensing and Operations) regulations 2016.

4.2 This represents trade receivables overdue for more than 5 days, in accordance with the clause (v) of 1.17 of the Securities Brokers (Licensing and Operations) regulations 2016.

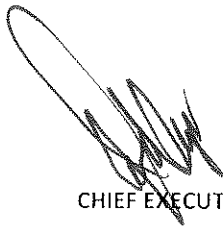
### 5 GENERAL

#### 5.1 RESTRICTIONS ON DISTRIBUTION OF STATEMENT

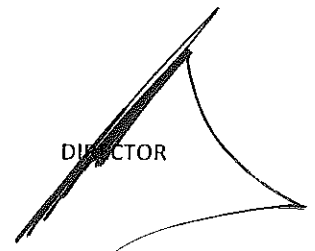
This statement is prepared to meet the requirement of Securities and Exchange Commission of Pakistan (SECP), Pakistan Stock Exchange (PSX) and National Clearing Company of Pakistan Limited (NCCPL). Therefore, this statement may not be suitable for any other purpose and should not be distributed to parties other than Manoo Capital (Private) Limited, SECP, PSX or NCCPL.

#### 5.2 DATE OF AUTHORIZATION

This statement was authorized for issued on 25-09-2017.



CHIEF EXECUTIVE



DIRECTOR

