



Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE

To the Chief Executive Officer of Sakarwala Capital Securities (Private) Limited

Opinion

We have audited the Statement of Net Capital Balance of **Sakarwala Capital Securities (Private) Limited** and notes to the Statement of Net Capital Balance as at June 30, 2019 (together 'the statement').

In our opinion, the financial information in the statement of the Securities Broker as at June 30, 2019 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

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

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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 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 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.

Other Matter

This report supersedes our previous assurance report dated September 14, 2019 issued on the Statement of Net Capital Balance of the Company prepared as of June 30, 2019. Accordingly, the said previously issued assurance report is hereby withdrawn.

Karachi.

Dated: 11 9 DEC 2019

Rahman Sarfaraz Rahim Iqbal Rafiq

Chartered Accountants

Engagement Partner: Muhammad Rafiq Dosani

SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF NET CAPITAL BALANCE AS AT JUNE 30, 2019

Excess of Current Assets over Current Liabilities determined in accordance with the Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines

DESCRIPTION	VALUATION	RUPEES
<u>CURRENT ASSETS</u>		
Cash and Bank Balances	As per Book Value	68,105,808
Trade Receivables	Book Value less overdue for more than 14 days	10,149,036
Investment in listed securities in the name of broker.	Securities marked to market less 15% discount	9,080,437
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.	16,352,785
Listed TFCs/Corporate Bonds of not less than BBB grade assigned by a credit rating company in Pakistan	Marked to market less 10% discount.	-
FIBs	Marked to market less 5% discount.	-
Treasury Bill	At market value	-
		<u>103,688,066</u>
<u>CURRENT LIABILITIES</u>		
Trade Payables	Book value less overdue for more than 30 days	11,032,307
Other Liabilities	As per Book values	16,171,571
		<u>27,203,878</u>
NET CAPITAL BALANCE AS AT June 30, 2019		<u>76,484,188</u>

NOTE-1

The financial information has been prepared in conformity with the accounting policies of Sakarwala Capital Securities (Private) Limited, provisions of Securities and exchange Rules, 1971 and the guidelines issued by the Securities and Exchange Commission of Pakistan.



CHIEF EXECUTIVE OFFICER




DIRECTOR

SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF NET CAPITAL BALANCE AS AT JUNE 30, 2019
Excess of Current Assets over Current Liabilities determined in accordance with the
Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines

Notes to the statement

	<u>Rupees</u>
1 Cash and bank balances	
Cash in hand	-
Deposit against Exposure	800,000
Bank balance pertaining to clients	25,330,472
Bank balance pertaining to brokerage house	41,975,336
	<u>68,105,808</u>
2 Trade receivables	
Book value	29,336,377
Less: overdue for more than 14 days	(19,294,201)
	10,042,176
Balance against unsettled trade future market	106,860
	<u>10,149,036</u>
3 Investment in Listed Securities in the name of broker	
Securities marked to market	10,682,867
Less 15%	(1,602,430)
	<u>9,080,437</u>
4 Securities purchased for client	
Overdue balance for more than 14 days	19,294,201
Lower of overdue balance and securities held against such balance	16,352,785
5 Trade payables	
Book value	25,297,959
Less: overdue for more than 30 days	(14,265,652)
	<u>11,032,307</u>
6 Other liabilities	
Creditors overdue for more than 30 days	14,265,652
Accrued Expenses & Other Payables	1,905,919
	<u>16,171,571</u>


CHIEF EXECUTIVE OFFICER




DIRECTOR