

STATEMENT OF LIQUID CAPITAL
AZEE SECURITIES (PRIVATE) LIMITED

As at December 31, 2023

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS REPORT ON STATEMENT OF LIQUID CAPITAL

To the Chief Executive Officer of Azee Securities (Private) Limited

Opinion

We have audited the Statement of Liquid Capital of Azee Securities (Private) Limited and notes to the Statement of Liquid Capital as at Dec 31, 2023 (together 'the statement').

In our opinion, the financial information in the statement of the Securities Broker as at Dec 31, 2023 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.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

The statement is prepared to assist the Azee 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 Azee Securities (Private) Limited, SECP, PSX and NCCPL and should not be distributed to parties other than Azee Securities (Private) Limited, 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.

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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.

The engagement partner on the audit resulting in this independent auditor's report is Zahid Hussain Zahid, FCA.

Karachi.

Dated: 29 FEB 2024


MUSHTAQ & CO.
Chartered Accountants



AZEE SECURITIES (PVT.) LIMITED
Statement of Liquid Capital
UNDER REGULATION 6(4) AND SCHEDULE III OF THE SECURITIES BROKERS
(LICENSING AND OPERATIONS) REGULATIONS, 2016
As on 31.12.2023

| S.No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|-------|---|---------------------|------------------------|--------------------|
| 1.1 | Property & Equipment | | | |
| 1.2 | Intangible Assets | 99,906,528 | 100.00% | - |
| 1.3 | Investment in Govt. Securities | 3,515,000 | 100.00% | - |
| | 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. | - | 5.00% | - |
| | iii. 10% of the balance sheet value, in the case of tenure of more than 3 years. | - | 7.50% | - |
| | If unlisted than: | | | |
| | i. 10% of the balance sheet value in the case of tenure upto 1 year. | - | 10.00% | - |
| | ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years. | - | 10.00% | - |
| | iii. 15% of the balance sheet value, in the case of tenure of more than 3 years. | - | 12.50% | - |
| | 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. (Provided that if any of these securities are pledged with the securities exchange for base minimum capital requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base minimum capital | 21,143 | 3,171 | 17,972 |
| | ii. If unlisted, 100% of carrying value. | - | | |
| 1.6 | Investment in subsidiaries | - | 100.00% | - |
| | 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. | - | | |
| | Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity. | | | |
| | (i) 100% of net value, however any excess amount of cash deposited with securities exchange to comply with requirements of base minimum capital may be taken in the calculation of LC | 3,259,600 | 100.00% | - |
| 1.9 | Margin deposits with exchange and clearing house. | 15,544,649 | - | 15,544,649 |
| 1.10 | Deposit with authorized intermediary against borrowed securities under SLB. | - | - | - |
| 1.11 | Other deposits and prepayments | 2,811,725 | 100.00% | - |
| 1.12 | Accrued Interest, profit or mark-up on amounts placed with financial institutions or debt securities etc (Nil) | - | - | - |
| | 100% in respect of markup accrued on loans to directors, subsidiaries and other related parties | - | 100.00% | - |
| 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.) | - | - | - |
| | Advances and Receivables other than trade receivables | | | |
| | (i) No haircut may be applied on the short term loan to employees provided these loans are secured and due for repayments within 12 months. | 1,482,838 | - | 1,482,838 |
| | (ii) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation. | 50,653 | 100.00% | - |
| | (iii) In all other cases 100% of net value | 6,079,711 | 100.00% | - |

| | | | | |
|------|---|-------------|------------|-------------|
| 1.16 | Receivables from clearing house or securities exchange(s) | | | |
| | 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>i. Lower of net balance sheet value or value determined through adjustments.</i> | | | |
| | ii. In case receivables are against margin trading, 5% of the net balance sheet value. | - | 5.00% | - |
| | <i>ii. Net amount after deducting haircut</i> | | | |
| | iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, | - | - | - |
| 1.17 | <i>iii. Net amount after deducting haircut</i> | | | |
| | iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. | 11,009,261 | - | 11,009,261 |
| | <i>iv. Balance sheet value</i> | | | |
| | 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. | 189,384,779 | 71,722,783 | 71,722,783 |
| | <i>v. Lower of net balance sheet value or value determined through adjustments</i> | | | |
| | <i>vi. 100% haircut in the case of amount receivable from related parties.</i> | | | |
| | Cash and Bank balances | - | 100.00% | - |
| 1.18 | i. Bank Balance-proprietary accounts | | | |
| | ii. Bank balance-customer accounts | 126,477 | - | 126,477 |
| | iii. Cash in hand | 4,139,678 | - | 4,139,678 |
| | | 348,432 | - | 348,432 |
| | Subscription money against investment in IPO/ offer for sale (asset) | | | |
| 1.19 | (i) No haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker. | - | - | - |
| | (ii) In case of investment in IPO where shares have been allotted but not yet credited in CDS Account, 25% haircuts will be applicable on the value of such securities. | - | - | - |
| | (iii) In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VAR based haircut whichever is higher, will be applied on Right Shares. | - | - | - |
| 1.20 | Total Assets | 337,680,473 | | 104,392,090 |
| | Trade Payables | | | |
| 2.1 | i. Payable to exchanges and clearing house | | | |
| | ii. Payable against leveraged market products | - | - | - |
| | iii. Payable to customers | - | - | - |
| | | 12,478,108 | - | 12,478,108 |
| | Current Liabilities | | | |
| 2.2 | i. Statutory and regulatory dues | | | |
| | ii. Accruals and other payables | - | - | - |
| | iii. Short-term borrowings | 2,468,873 | - | 2,468,873 |
| | iv. Current portion of subordinated loans | 9,148,997 | - | 9,148,997 |
| | v. Current portion of long term liabilities | - | - | - |
| | vi. Deferred Liabilities | 2,133,012 | - | 2,133,012 |
| | | - | - | - |

| | | | | |
|------|--|---|---|---|
| 3.7 | Repo adjustment 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. | - | - | - |
| 3.8 | Concentrated proprietary positions 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 | - | - | - |
| 3.9 | Opening Positions in futures and options 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 haircuts ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met | - | - | - |
| 3.10 | Short sell positions 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 | Total Ranking Liabilities | - | - | - |

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.20)

(ii) Less: Adjusted value of liabilities (serial number 2.6)

(iii) Less: Total ranking liabilities (series number 3.11)

LIQUID CAPITAL BALANCE as at 31 Dec 2023

337,680,473

(29,584,634)

104,392,090

(29,584,634)

308,095,839

74,807,456

Chief Executive



Chief Financial Officer