# STATEMENT OF LIQUID CAPITAL AZEE SECURITIES (PRIVATE) LIMITED

As at December 31, 2023

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

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# MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

Head Office: 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-3

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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 FLB ZUZ4

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

5.No	Head of Account	Value in	Hair Cut/	Net Adjusted		
-	The second secon	Pak Rupees	Adjustments	Value		
1.1	Property & Equipment	THE REAL PROPERTY.		AS LOWER OF PERSONS		
1.2	Intangible Assets	99,906,528	100.00%	11		
1.3	Investment in Govt. Securities	3,515,000	100.00%			
	Investment in Debt. Securities		24			
	If listed than:					
1.4	i. 5% of the balance sheet value in the case of tenure upto 1 year.					
	in 7.5% of the balance sheet value, in the case of tenure (see 1.2	(4.)	5.00%			
	into to the balance sheet value, in the case of tenurs of severe the case		7.50%			
	unitied that		10.00%			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.			201		
	in 12.5% of the palance sheet value in the case of tenurs for a 2		10.00%			
1	in 15 % of the parance sheet value, in the case of terrors of many the		12.50%			
			15.00%	100 m		
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities					
1.5	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  ii. If unlisted, 100% of carrying value.	21,143	3,171	17,977		
1.6	Investment in subsidiaries		100.00%	-		
	Investment in associated companies/undertaking			£1		
100	I If listed 20% or VaP of such	DE 777 1	TAISE	ENGINE I I		
- 1	i. If listed 20% or VaR of each securities as computed by the Securites Exchange for respective securities whichever is higher. ii. If unlisted, 100% of net value.	•				
	Statutory or regulatory described.		100.00%			
	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central (i) 100% of net value, however any excess amount of cash deposits with	depository or any other e	ntity.			
	exchange to comply with requirements of base minimum capital may be taken in the	3,259,600	100,00%			
10	Margin deposits with exchange and clearing house.	15,544,649		*****		
.10	Deposit with authorized intermediary against borrowed securities under SLB.	10,044,047		15,544,649		
	Other deposits and prepayments	2,811,725	100.00%			
17	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	100.00%	ider •		
11	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties		100.00%	4		
.13 1	Dividends receivables.		-			
14	Amounts receivable against Repo financing.  Amount paid as purchaser under the REPO agreement. (Securities purchased under repo  urangement shall not be included in the investments.)		u ga			
A	Advances and Receivables other than trade receivables					
15 5	No haircut may be applied on the short term loan to employees provided these loans are ecured and due for repayments within 12 months.	1,482,838		1,482,838		
ta	ii) No haircut may be applied to the advance tax to the extent it is netted with provision of exation.  ii) In all other cases 100% of net value	50,653	100.00%	1 (4)		

	Receivables from clearing house or securities exchange(s)						
1.16	Two a value of claims other than those on account of the						
	securities in all markets including MtM gains.	100					
	Receivables from customers						
	i. In case receivables are against margin financing all						
	held in the blocked account after applying VAD by a day eggregate if (i) value of securities						
	held in the blocked account after applying VAR based Haircut, (ii) cash deposited as	N	1-1-5	4.1	1		
	collateral by the financee (iii) market value of any securities deposited as applying VaR based haircut.			100			
		1000					
	i. Lower of net balance sheet value or value determined through adjustments,		★ 100				
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value.  iii. Net amount after deducting haircut			1-1			
			5.00%	400	100		
	iii. Incase receivalbes are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract,	1 1 1 1 1 1 1 1	8950000	411			
1.17	iii. Net amount after deducting haricut	100	148				
	iv. Incase of other trade sessional		-		100		
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.						
	iv. Balance sheet value	11,009,261	V <sub>-s</sub> V				
ï		11,005,201	-		11,009,26		
- 8	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the			_			
		1					
1 1		370000000000000000000000000000000000000	135,17	of the			
- 1	market value of securities held as collateral after applying VaR based haircuts.	189,384,779	71,722,783		71,722,78		
- 1	v. Lower of net balance sheet value or value determined through adjustments		101 (2000)		0.5050500		
	ni 100% being to the		7				
	vi. 100% haircut in the case of amount receivable form related parties.  Cash and Bank balances		100 000				
- 3	100.00%						
.18	I. Bank Balance-proprietory accounts ii. Bank balance-customer accounts						
Ť	ii. Bank balance-customer accounts	4,139,678			126,477		
	Subscription mana	348,432	-	11.00	4,139,678		
H	Subscription money against investment in IPO/ offer for sale (asset)	J40/102	1 - 1	100	348,432		
- 0	i) No haircut may be applied in respect of amount paid as subscription money provided						
- 1	that shares have not been alloted or are not included in the investments of securities broker.		91.00	-			
19 7	is t	8	10.74				
17	ii) In case of Investment in IPO where shares have been alloted but not yet credited in CDS						
		*6	1.0				
- 13	in tase of subscription in right shares where the shares have not seek to the			-			
- 10	The state of the based naircut whichever is higher will be applied on Dieby						
	100 DE 10				78 <b>.</b>		
	Total Assets	337,680,473		-			
100		337,680,473			104,392,090		
	Trade Payables						
1	. Payable to exchanges and clearing house						
1	i. Payable against leveraged market products	•					
1	ii. Payable to customers	12,478,108	-				
	urrent Liabilities	12,470,108	÷'		12,478,108		
i	i. Statutory and regulatory dues						
2 1	i. Accruals and other payables	2460.000					
i	ii. Short-term borrowings	2,468,873			2,468,873		
i	v. Current portion of subordinated loans	9,148,997		1	9,148,997		
111	. Current portion of long term liabilities	-			38		
	i. Deferred Liabilities	2,133,012	7 7 7	-	2,133,012		

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,	rii. Provision for bad debts					
2.2	iii. Provision for taxation		1000	Towns -		
i	x. Other liabilities as per accounting principles and the second	742,488	2-1	200.00		
	x. Other liabilities as per accounting principles and included in the financial statements	7,757,550		742,48		
2.3	Long-Term financing					
i	Other liabilities as per accounting principles and in the liabilities and in the liabilities are per accounting principles and in the liabilities are per accounting to the liabilities and the liabilities are per accounting to the liabilities and the liabilities are per accounting to the liabilities and the liabilities are per accounting to the liabilities and the liabilities are per accounting to the liabilities and the liabilities are per accounting to the liabilities are per acco	2,613,156		2 (12.45		
ii	Other liabilities as per accounting principles and included in the financial statements  i. Staff retirement benefits		1	2,613,15		
S	ubordinated Loans					
2.4 10	0% of Subordinated loans which fulfill the conditions specified by SECP are allowed to					
be	deducted deducted by SECP are allowed to					
A	dvance against shares for increase in capital of securities broker			Market St.		
1.0	o it relieves they be allowed in respect of advances					
110	The existing authorized share capital allows the property					
.5 (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 law of					
rec	There is no unreasonable delay in issue of shares against advance and all regulatory			70 970		
.6 To	Auditor is satisfied that such advance is against the increase of capital.					
BANK	FARMULT PUPLICATION	29,584,634		29,584,634		
Co	ncentration in Margin Financing	BOHALL S	MICH PLAN	29,584,634		
1 Th	e amount calculated client to allow to the		900	19.105		
the	e amount calculated client-to- client basis by which any amount receivable from any of					
	financees exceed 10% of the aggregate of amounts receivable from total financees.  neentration in securites lending and borrowing	•		2.50		
Th	e amount by which the aggregate of:		100			
- (i)	Amount deposited by the borrower with NCCPL					
2 (1)	Cash margins pald and					
(35)	The market value of an in	2	111.			
105	The market value of securities pledged as margins exceed the 110% of the market value hares borrowed	82		P63.		
	t underwriting Commitments		Mark Land	01		
(a)	in the case of right issues a little and lit			10/1		
sub	in the case of right issuse: if the market value of securites is less than or equal to the scription price;					
	aggregate of:		110.9			
		1	1000			
3 (0)	he 50% of Haircut multiplied by the underwriting commitments and		V F TIN			
(m)	the value by which the underwriting commitments exceeds the market price of the	2				
	THE STATE OF THE S					
In ti	he case of rights issuse where the market price of securities is greater than the		fibeli	200		
4444	MADDION DOING 326 OF The Haircut multiplied by the t		3.1			
107	it any other case: 12.5% of the net underwriting commitments					
INGS	ative equity of subsidiary					
ine	amount by which the total assets of the subsidiary ( excluding any amount due from					
40.00	mostaraty) exceed the total habilities of the subsidiary	13.5	17.7%	20		
rore	righ exchange agreements and foreign currency positions		110			
5% (	% of the net position in foreign currency Net position in foreign average					
contre	sence of total assets denominated in foreign contract less total lightistics described		1	U 11 W 15		
201 24	- cognitionity	20-22				
Amo	ount Payable under REPO			430		

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	Repo adjustment						
	In the case of financier/purchaser the total						
3.7	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securites.  In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	14				
2500	Concentrated proprietary positions						
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  Opening Positions in futures and options			111			
5,7	I. In case of customer positions, the total massic and in the case of customer positions, the total massic and in the case of customer positions.						
	collateral/ pledged with securities and the value of securites held as	-9					
	positions to the extent not already met Short sell positions	5.47	2				
- 4	i. Incase of customer positions, the market value of the						
10	deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	•		Y.			
	ii. Incase of proprietory 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.  Total Ranking Liabilites	-	1.				
	Com Canada 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

104,392,090 (29,584,634)

(29,584,634)

308,095,839

74,807,456







Chief Financial Officer