



## INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE

### To the Chief Executive Officer of Pasha Securities (Private) Limited

#### Opinion

We have audited the Statement of Net Capital Balance of **Pasha Securities (Private) Limited** (the "Securities Broker") and notes to the Statement of Net Capital Balance as at June 30, 2018 (hereinafter collectively referred to as "the statement").

In our opinion, the financial information in the statement of the Securities Broker as at June 30, 2018 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

The statement is prepared to assist 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 any other purpose. Our report is intended solely for the Securities Broker, SECP, PSX and NCCPL, and should not be distributed to parties other than the Securities Broker, 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 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 are responsible for overseeing the Securities Broker's financial reporting process.

**PASHA SECURITIES (PRIVATE) LIMITED**  
**CORPORATE TREC HOLDER OF PAKISTAN STOCK EXCHANGE LIMITED**  
**STATEMENT OF NET CAPITAL BALANCE**

(In accordance with Regulation 6(4) of the Securities Brokers' (Licensing & Operations) Regulations, 2016)  
AS AT JUNE 30, 2018

<u>A. Description of Current Assets</u>	<u>Basis of Accounting</u>	<u>Notes</u>	<u>Amount</u> (Rupees)
1 <b>Cash in hand &amp; Cash in bank</b>	As per book value.	2	
Cash in hand			5,394
Cash at bank-House Account			75,600
Cash at bank-Client Account			18,430,427
			<u>18,511,421</u>
2 <b>Margin deposits</b>			1,600,000
3 <b>Trade receivables</b>	Book value less those overdue for		1,781,091
Less: Outstanding for more than 14 days	more than 14 days.		1,432,148
			<u>348,943</u>
4 <b>Investment in listed securities in the name of company</b>	Securities on the Exposure List to Market less 15 % discount.	3	1,969,575
5 <b>Securities purchased for client</b>			1,333,643
			<u>23,763,583</u>
<b>B. Description of Current Liabilities</b>			
1 <b>Trade payables</b>	Book value less those overdue for		15,559,827
Less: Overdue more than 30 days	more than 30 days.		7,570,853
			<u>7,988,973</u>
2 <b>Other liabilities</b>	As classified under Generally Accepted Accounting Principles.	4	8,050,465
			<u>16,039,438</u>
<b>NET CAPITAL BALANCE</b>			<u><u>7,724,144</u></u>

  
 Chief Executive



  
 Director

**PASHA SECURITIES (PRIVATE) LIMITED**  
**MEMBER PAKISTAN STOCK EXCHANGE LIMITED**  
**EXPLANATORY NOTES TO THE NET CAPITAL BALANCE AS AT JUNE 30, 2018**

**1 BASIS OF ACCOUNTING**

This statement of Net Capital Balance has been prepared in accordance with the requirements of the Third Schedule read with rule 2 (d) of the Securities and Exchange Commission (SEC) Rules 1971 and clause 6 (4) of the Securities Brokers (Licensing and Operations) regulations 2016 (Regulations) and the Clarifications / Guidelines in respect of the Third Schedule of the Securities and Exchange Commission (SEC) Rules 1971 issued by the Securities and Exchange Commission of Pakistan.

**2 CASH IN HAND AND AT BANK**

Cash in hand  
 Bank balance(s) pertaining to Brokerage House  
 Bank balance(s) pertaining to Clients

TOTAL (Rupees)	
	5,394
	75,600
	18,430,427
	<b>18,511,421</b>

Investment in Listed Securities in the name of Company		Holding as per CDC	Market Value as at June 29, 2018	TOTAL
Security Symbol	Security Name	Position Owned	Rupees	Rupees
ANI	AZGARD NINE LIMITED	30,000	12.94	388,200
BIIC	BUSINESS & INDUSTRIAL INSURANCE COMPANY LIMITED-	459	-	-
BOP	THE BANK OF PUNJAB	40,852	12.07	493,084
DSL	DOST STEELS LIMITED	10,000	7.91	79,100
DWAE	DEWAN AUTOMOTIVE ENGINEERING LIMITED-FREEZE	600	-	-
EPCLR1	ENGRO POLYMER & CHEMICALS LIMITED=LoR	924	8.82	8,150
ICBL	INVEST CAPITAL INVESTMENT BANK LIMITED	535	1.88	1,006
ISETRMCL	ISE TOWERS REIT MANAGEMENT COMPANY LIMITED-FREEZE	1,213,841	-	-
JOVC	JAVED OMER VOHRA & COMPANY LIMITED-FREEZE	500	-	-
JPGL	JAPAN POWER GENERATION LIMITED -FREEZE	7,000	-	-
KEL	K-ELECTRIC LIMITED	500	5.68	2,840
MCBPSM	MCB PAKISTAN STOCK MARKET FUND	108	-	-
MODAM	MODARABA AL-MALI	6,000	3.56	21,360
NORT	NORRIE TEXTILE MILLS LIMITED	115,000	-	-
PDGH	PRUDENTIAL DISCOUNT & GUARANTEE HOUSE LIMITED-	500	-	-
PIBTL	PAKISTAN INTERNATIONAL BULK TERMINAL LIMITED	45,000	11.35	510,750
PMI	FIRST PRUDENTIAL MODARABA	1,100	1.64	1,804
PRIC	PROGRESSIVE INSURANCE COMPANY LIMITED-FREEZE	500	-	-
PRI	PAKISTAN REFINERY LIMITED	20,000	34.71	694,200
PSYL	PAKISTAN SYNTHETICS LIMITED	25	25.09	627
PTC	PAKISTAN TELECOMMUNICATION COMPANY LTD	300	11.44	3,432
SHTM	SHAHPUR TEXTILE MILLS LIMITED -FREEZE	5,600	-	-
SILK	SILKBANK LIMITED	78,186	1.36	106,333
SMBL	SUMMIT BANK LIMITED	66	2.15	142
SSIC	SILVER STAR INSURANCE COMPANY LIMITED-FREEZE	632	-	-
TSMF	TRI-STAR MUTUAL FUND LIMITED	1,000	6.12	6,120
ZELP	ZEAL PAK CEMENT FACTORY LIMITED -FREEZE	5,500	-	-

Total Value	2,317,147
Less: 15 % Discount	(347,572)
	<b>1,969,575</b>

**4 OTHER LIABILITIES**

Trade payable overdue more than 30 days  
 Accrued liabilities and other payables  
 Provision for doubtful debts

	7,570,853
	479,612
	<b>8,050,465</b>



Chief Executive

Director



## INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF LIQUID CAPITAL

### To the Chief Executive Officer of Pasha Securities (Private) Limited

#### Opinion

We have audited the Statement of Liquid Capital of **Pasha Securities (Private) Limited** (the "Securities Broker") and notes to the Statement of Liquid Capital as at June 30, 2018 (hereinafter collectively referred to as 'the statement').

In our opinion, the financial information in the statement of the Securities Broker as at June 30, 2018 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 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 any other purpose. Our report is intended solely for the Securities Broker, SECP, PSX and NCCPL, and should not be distributed to parties other than 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 are 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 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.

**IECnet S.K.S.S.S,**  
**Chartered Accountants**

Engagement partner: **Mr. Muhammad Aslam Khan.**

Lahore.

Date: September 10, 2018

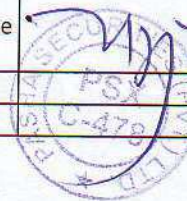
Schedule III  
[see regulation 6(4)]

Monthly statements of liquid capital with the Commission and the securities exchange  
PASHA SECURITIES (PRIVATE) LIMITED  
Computation of Liquid Capital  
As on 30-6-2018

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>1. Assets</b>				
1.1	Property & Equipment	9,611,334	9,611,334	-
1.2	Intangible Assets	2,500,000	2,500,000	-
1.3	Investment in Govt. Securities (150,000*99)			-
	<b>Investment in Debt. Securities</b>			-
	<b>If listed than:</b>			-
	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.			-
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			-
	<b>If unlisted than:</b>			-
	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.			-
	<b>Investment in Equity Securities</b>			-
	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.	2,317,147	359,549	1,957,598
	ii. If unlisted, 100% of carrying value.	30,346,030	30,346,030	-
	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.			-
1.5	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)			-
1.6	Investment in subsidiaries			-
	<b>Investment in associated companies/undertaking</b>			-
1.7	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.	582,200	582,200	-
1.9	Margin deposits with exchange and clearing house.	1,600,000	-	1,600,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			-
1.11	Other deposits and prepayments	1,198,639	1,198,639	-
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			-
1.13	Dividends receivables.			-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. ( <i>Securities purchased under repo arrangement shall not be included in the investments.</i> )			-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months			-
	ii. Receivables other than trade receivables			-

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	<b>Receivables from clearing house or securities exchange(s)</b>	-	-	-
1.16	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.			-
	claims on account of entitlements against trading of securities in all markets including MtM gains.	205,426	-	205,426
	<b>Receivables from customers</b>			-
	i. In case receivables are against margin financing, the aggregate if (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. <i>ii. Net amount after deducting haircut</i>			-
1.17	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <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. <i>iv. Balance sheet value</i>	108,086	-	108,086
	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. <i>v. Lower of net balance sheet value or value determined through adjustments</i>	1,467,579	98,504	1,369,074
	<i>vi. 100% haircut in the case of amount receivable from related parties.</i>	-	-	-
	<b>Cash and Bank balances</b>			-
1.18	i. Bank Balance-proprietary accounts	75,600		75,600
	ii. Bank balance-customer accounts	18,430,427		18,430,427
	iii. Cash in hand	5,394		5,394
1.19	<b>Total Assets</b>	<b>68,447,863</b>	<b>44,696,257</b>	<b>23,751,606</b>
<b>2. Liabilities</b>				
	<b>Trade Payables</b>			-
2.1	i. Payable to exchanges and clearing house	-		-
	ii. Payable against leveraged market products			-
	iii. Payable to customers	15,559,827	-	15,559,827
	<b>Current Liabilities</b>			-
	i. Statutory and regulatory dues	-		-
	ii. Accruals and other payables	240,393	-	240,393
	iii. Short-term borrowings	-		-
2.2	iv. Current portion of subordinated loans	-		-
	v. Current portion of long term liabilities	-		-
	vi. Deferred Liabilities			-
	vii. Provision for bad debts	-		-
	viii. Provision for taxation	239,219	-	239,219
	ix. Other liabilities as per accounting principles and included in the financial statements	-		-
	<b>Non-Current Liabilities</b>			-
	i. Long-Term financing	4,168,784	4,168,784	-
	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			
	ii. Staff retirement benefits			



2.3	<p>iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if:</p> <p>a. The existing authorized share capital allows the proposed enhanced share capital</p> <p>b. Board of Directors of the company has approved the increase in capital</p> <p>c. Relevant Regulatory approvals have been obtained</p> <p>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.</p> <p>e. Auditor is satisfied that such advance is against the increase of capital.</p>			
	iv. Other liabilities as per accounting principles and included in the financial statements			
	<b>Subordinated Loans</b>			
2.4	<p>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:</p> <p>a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period</p> <p>b. No haircut will be allowed against short term portion which is repayable within next 12 months.</p> <p>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.</p>			
	ii. Subordinated loans which do not fulfill the conditions specified by SECP			
2.5	<b>Total Liabilities</b>	20,208,223	4,168,784	16,039,439
<b>3. Ranking Liabilities Relating to :</b>				
3.1	<p><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.</p>			
3.2	<p><b>Concentration in securities lending and borrowing</b> The amount by which the aggregate of:</p> <p>(i) Amount deposited by the borrower with NCCPL</p> <p>(ii) Cash margins paid and</p> <p>(iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed</p>			
3.3	<p><b>Net underwriting Commitments</b></p> <p><b>(a) in the case of right issue :</b> if the market value of securities is less than or equal to the subscription price; the aggregate of:</p> <p>(i) the 50% of Haircut multiplied by the underwriting commitments and</p> <p>(ii) the value by which the underwriting commitments exceeds the market price of the securities.</p> <p>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</p>			
	<b>(b) in any other case :</b> 12.5% of the net underwriting commitments			
3.4	<p><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</p>			
3.5	<p><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</p>			
3.6	Amount Payable under REPO			
	<b>Repo adjustment</b>			

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3.7	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		34,710	34,710
<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 haircuts			
	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 Liabilites</b>	-	34,710	34,710

TOTAL

48,239,640

40,492,763

7,677,457



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