ORIENTAL SECURITIES (PRIVATE) LIMITED

REVIEW REPORT ON STATEMENT OF LIQUID CAPITAL

FOR THE PERIOD ENDED DECEMBER 31, 2021

ORIENTAL SECURITIES (PRIVATE) LIMITED

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

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INDEPENDENT AUDITOR'S REVIEW REPORT ON STATEMENT OF LIQUID CAPITAL

To the Chief Executive Officer of Oriental Securities (Private) Limited (the Securities Broker)

Introduction

We have reviewed the accompanying Statement of Liquid Capital of **Oriental Securities (Private) Limited** (the Company) as at December 31, 2021 and notes to the Statement of Liquid Capital as at December 31, 2021 (together 'the statement'). Management is responsible for the preparation and presentation of the statement in accordance with the requirements of the Third 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).(here-in-after referred to as 'the Regulation"). Our responsibility is to express a conclusion on the statement based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' which applies to review of historical financial information performed by the independent auditor of the Securities Broker. A review of historical financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Statement is not prepared, in all material respects, in accordance with the Regulations.

Other Matters – Restriction on Distribution and Use

Our report is intended solely for the Company, SECP, Pakistan Stock Exchange and National Clearing Company of Pakistan Limited and should not be distributed to any other parties. Our conclusion is not modified in respect of this matter.

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Naveed Zafar Ashfaq Jaffery & Co

Chartered Accountants
Engagement Partner: Ahsan Elahi Vohra-FCA
Karachi
Dated : March 14, 2022

ORIENTAL SECURITIES (PVT.) LTD.

CORPORATE STOCK BROKERAGE HOUSE – PAKISTAN STOCK EXCHANGE LTD. KARACHI
TREC NO. 148, SECP BROKER REGISTRATION NO. BRP-115
NTN: 1336933-4, SNTN: S1336933-4

Schedule III
[see regulation 6(4)]

Monthly statements of liquid capital with the Commission and the securities exchange
Oriental Securities (Private) Limited
Computation of Liquid Capital
As on DECEMBER 31, 2021

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	16,014,374	100.00%	-
1.2	Intangible Assets	2,500,000	100.00%	-
1.3	Investment in Govt. Securities	-	-	-
1.4	**Investment in Debt. Securities**			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	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.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
1.5	**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.	23,199,211	3,953,346	19,245,865
	ii. If unlisted, 100% of carrying value.	-	100.00%	-
	iii.Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been alloted or are not included in the investments of securities broker.	-	-	-
	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)	18,670,000	100.00%	-
1.6	Investment in subsidiaries	-	100.00%	-
1.7	**Investment in associated companies/undertaking**			
	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.	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	1,500,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	17,652,000	-	17,652,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	141,497	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.	-	-	-
1.14	Amounts receivable against Repo financing. 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	6,017,152	100.00%	-
1.16	**Receivables from clearing house or securities exchange(s)**			
	i.100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	100.00%	-
	ii. Receviable on entitelemnts against trading of securities in all markets including mtm gains.	165,600		165,600
1.17	**Receivables from customers**			
	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. Lower of net balance sheet value or value determined through adjustments.***	5,610,994	4,433,929	4,433,929
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. ***ii. Net amount after deducting haircut***	-	5.00%	-
	iii. Incase receivalbes are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, ***iii. Net amount after deducting haricut***	-	-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. ***iv. Balance sheet value***	221,152	-	221,152
	v. Incase 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. ***v. Lower of net balance sheet value or value determined through adjustments***	2,558,593	2,544,929	2,544,929
	vi. 100% haircut in the case of amount receivable form related parties.	-	100.00%	-

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Monthly statements of liquid capital with the Commission and the securities exchange
Oriental Securities (Private) Limited
Computation of Liquid Capital
As on DECEMBER 31, 2021

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Cash and Bank balances			
1.18	i. Bank Balance-proprietory accounts	37,927,974	-	37,927,974
	ii. Bank balance-customer accounts	28,602,803	-	28,602,803
	iii. Cash in hand	319,181	-	319,181
1.19	**Total Assets**	**161,100,531**		**111,113,433**
2. Liabilities				
	Trade Payables			
2.1	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	28,590,561	-	28,590,561
	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables		-	
	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	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	459,269	-	459,269
	Non-Current Liabilities			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial instituion: 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	**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. Boad 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	-	-	-
	Subordinated Loans	-	-	-
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	-	-	-
2.5	**Total Liabilites**	**29,049,830**		**29,049,830**

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.	Ranking Liabilities Relating to :			
3.1	**Concentration in Margin Financing** 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.	5,610,994	4,270,439	4,270,439
3.2	**Concentration in securites lending and borrowing** 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	**Net underwriting Commitments** **(a) in the case of right issuse :** if the market value of securites 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 issuse 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	**Negative equity of subsidiary** 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	**Foreign exchange agreements and foreign currency positions** 5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
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 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.	-	-	-
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	620,780	-	620,780
3.9	**Opening Positions in futures and options** i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts	579,025	-	579,025
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
3.10	**Short selll positions** i. Incase 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. 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.	-	-	-
3.11	**Total Ranking Liabilites**	6,810,799		5,470,244

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.19)	111,113,433
(ii) Less: Adjusted value of liabilities (serial number 2.5)	(29,049,830)
(iii) Less: Total ranking liabilities (series number 3.11)	(5,470,244)
Net Liquid Capital as at 31 december, 2021	76,593,359

Note: Commission may issue guidelines and clarifications in respect of the treatment of any component of Liquid Capital including any modification, deletion and inclusion in the calculation of Adjusted value of assets and liabilities to address any practical difficulty.

CHIEF EXECUTIVE

Naveed Zafar Ashraf Jaffery & Co. Chartered Accountants

DIRECTOR

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