

Significant unobservable inputs used in the fair value measurement of the investment in Kingbhai Digisol (Private) Limited include the weighted-average cost of capital or equity, the terminal revenue growth rate and a discount for lack of marketability. Significant increases or decreases in any of these inputs in isolation will result in significantly different fair values. An increase in the cost of capital or discount for lack of marketability will result in a lower fair value measurement, whereas an increase in the long-term revenue growth rate will result in a higher fair value measurement. As well, there is an interdependency between the discount for lack of marketability and the cost of capital - an increase in the former will result in a directionally consistent movement in the latter.

## 36 Capital Risk Management

**36.1** The objective of managing capital is to ensure the Company's ability to continue as a going concern so that it can continue to provide adequate returns to shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets, and keeping in view future investment requirements as well as shareholder expectations.

Note	June 30, 2021	June 30, 2020
	----- (Rupees) -----	
Total borrowings	<b>455,050,106</b>	438,298,804
Total equity	<b>1,163,566,615</b>	979,210,207
Total capital	<b>1,618,616,721</b>	1,417,509,011
Gearing Ratio	<b>28.10%</b>	30.90%

## 36.2 Statement of Net Capital Balance

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities. The Net Capital Balance as required under Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines is calculated as follows.

A. <u>Description of Current Assets</u>	Basis of Accounting	Note	Amount (Rupees)
1 Cash in hand and cash at bank	As per book value.	2	230,777,747
2 Margin deposits			98,188,710
3 Trade receivables Less: Outstanding for more than 14 days	Book value less those overdue for more than 14 days.		322,176,502 (307,103,660) <b>15,072,842</b>
4 Investment in listed securities in the name of company	Securities on the Exposure list to Market less 15 % discount.	3	118,193,110
5 Securities purchased for client			24,766,029
			<b>486,998,438</b>
<b>B. <u>Description of Current Liabilities</u></b>			
1 Trade payables Less: Overdue more than 30 days	Book value less those overdue for more than 30 days.		184,794,423 (79,559,159) <b>105,235,264</b>
2 Other liabilities	As classified under the Generally Accepted Accounting Principles.	4	176,568,332 79,559,159 <b>256,127,491</b>
NET CAPITAL BALANCE			<b>125,635,683</b>

## 1. BASIS OF ACCOUNTING

This statement of Net Capital Balance has been prepared in accordance with the requirement of Third Schedule read with rule 2(d) of Securities and Exchange Commission Rules 1971, clauses 6(3) and 6(4) of the Securities Broker (Licensing and Operations) Regulation 2016 and related clarification and guidelines issued by the Securities and Exchange Commission of Pakistan.

**2 CASH IN HAND AND CASH AT BANK**

------(Rupees)-----

Cash in hand	-
Bank balance (s) pertaining to brokerage houses	44,156,335
Bank balance (s) pertaining to clients	186,621,412
	<b>230,777,747</b>

Investment in listed securities in the name of company		Holding as per CDC at June 30, 2021	Market rate as at June 30, 2021	Market value as at June 30, 2021
Security Symbol	Security Name	Position Owned	Rupees	
BOP	THE BANK OF PUNJAB	2,648,500	8.40	22,247,400
CYAN	CYAN LIMITED	20,000	43.94	878,800
SLL	SME LEASING LIMITED	113,500	4.45	505,075
TREET	TREET CORPORATION LIMITED	1,657,500	49.49	82,029,675
TRG	TRG PAKISTAN LIMITED - CLASS 'A'	33,855	166.33	5,631,102
UNITY	UNITY FOODS LIMITED	495	44.52	22,037
WAVES	WAVES SINGER PAKISTAN LIMITED	895,000	27.26	24,397,636
PIOC	PIONEER CEMENT LIMITED	10,000	131.07	1,310,700
SLL	SME LEASING LIMITED	453,525	4.45	2,018,187
PSX	PAKISTAN STOCK EXCHANGE LIMITED	453	22.31	10,106
<b>Total value</b>				<b>139,050,718</b>
Less: 15% discount				20,857,608
				<b>118,193,110</b>

**4 OTHER LIABILITIES**

------(Rupees)-----

Trade payable overdue more than 30 days	79,559,159
Accrued and other payables	176,568,332
Provision for taxation	-
	<b>256,127,491</b>

**36.3 Statement of Liquid Capital**

S.No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>1. Assets</b>				
1.1	Property & Equipment	37,345,982	100%	-
1.2	Intangible Assets	85,277,000	100%	-
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 3years.			
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.	173,434,231	28,546,299	144,887,932
	ii. If unlisted, 100% of carrying value.			
	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 broke			
	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)			