

DARSON SECURITIES (PRIVATE) LIMITED
NET CAPITAL BALANCE AS AT OCTOBER 31, 2018

(Excess of Current Assets over Current Liabilities as determined in accordance with the Schedule II of the Securities Brokers
(Licensing and operations) Regulations, 2016)

DESCRIPTION	VALUATION BASIS	VALUE
(Amount in Rupees)		
<u>CURRENT ASSETS</u>		
Cash in hand	As per book value	236,741
Cash at bank:		
- Pertaining to brokerage house	As per book value	1,631,194
- Pertaining to clients	As per book value	9,797,556
Deposits against exposure with PSX	As per book value	64,500,000
Deposits against MTS Exposure Margin with NCCPL	As per book value	<u>15,631,424</u>
Total bank balances	As per book value	91,560,174
Trade Receivable		
	Book Value	70,165,999
	Less: overdue for more than 14 days	<u>(32,252,276)</u>
		37,913,723
Investment in Listed Securities in the name of broker		
	Market value	66,391,290
	Less: 15% discount	<u>(9,958,701)</u>
		56,432,589
Securities purchased for client		21,541,753
	Securities purchased for the client and held by the member where the payment has not been received within 14 days.	
Listed Term Finance Certificates/Corporate Bonds (Not less than BBB grade)	Market value	-
	Less: 10% discount	<u>-</u>
		-
Federal Investment Bonds	Market value	-
	Less: 5% discount	<u>-</u>
		-
Treasury bills	Market value	-
Any other current asset specified by the commission	Value determined by the commission	
		<u><u>207,684,980</u></u>
<u>CURRENT LIABILITIES</u>		
Trade Payable		
	Book value	49,920,305
	Less: Overdue for more than 30 days	<u>(19,839,843)</u>
		30,080,462
Other liabilities	As classified under the generally accepted accounting principles.	23,861,288
		<u>53,941,750</u>
NET CAPITAL BALANCE		<u><u>153,743,230</u></u>

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DIRECTOR

NOTES TO STATEMENT OF THE NET CAPITAL BALANCE

1	BANK BALANCES AND CASH DEPOSITS	Note	----- Rupees -----
	These are stated at book value.		
	Cash in hand		236,741
	Bank balance pertaining to:		
	Brokerage house	1,631,194	
	Client	<u>9,797,556</u>	
	Total bank balance		11,428,750
	Margins		
	Deposit against exposure and losses with Pakistan Stock Exchange		64,500,000
	Deposit against MTS exposure margin with NCCPL		15,631,424
			<u><u>91,796,915</u></u>
2	TRADE RECEIVABLES		
	These are valued at cost less bad and doubtful debts (if any) and debts outstanding for more than 14 days.		
			----- Rupees -----
	Total receivable	70,165,999	
	Outstanding for more than 14 days	<u>32,252,276</u>	
	Balance generated within 14 days and/or not yet due		102,418,275
3	TRADE PAYABLES		
	Total payables	49,920,305	
	Outstanding for more than 30 days	<u>(19,839,843)</u>	
	Balance generated within 30 days		30,080,462
4	OTHER LIABILITIES		
	Accrued expenses	4,021,445	
	Trade payables overdue by 30 days	<u>19,839,843</u>	
			23,861,288

CHIEF EXECUTIVE

DIRECTOR

1.17	iii. Incase receivables 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	22,681,432		22,681,432
	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	44,401,095	33,293,498	33,293,498
	vi. 100% haircut in the case of amount receivable form related parties.	3,083,472	3,083,472	-
1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	1,631,194	-	1,631,194
	ii. Bank balance-customer accounts	9,797,556	-	9,797,556
	iii. Cash in hand	236,741	-	236,741
1.19	Total Assets	406,221,682		195,949,348

2. Liabilities

2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	49,920,305	-	49,920,305
2.2	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	4,021,445	-	4,021,445
	iii. Short-term borrowings	-	-	-
	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	-	-	-
2.3	Non-Current Liabilities			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial instituon: 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	-	-	-
	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	-	-	-	
2.4	Subordinated Loans			
	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	53,941,750		53,941,750

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.	-	6,403,575	6,403,575

	Concentration in securities lending and borrowing			
3.2	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	-	-	-
	Net underwriting Commitments			
3.3	(a) in the case of right issue : if the market value of securities 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 issue 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 cuurrency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
	Repo adjustment			
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.	-	-	-
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 requiremnets in respect of open postions 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	-	19,251,112	19,251,112
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 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 Liabilites	-		25,654,687
	Liquid capital balance	352,279,932		116,352,911

Calculations Summary of Liquid Capital

- (i) Adjusted value of Assets (serial number 1.19)
- (ii) Less: Adjusted value of liabilities (serial number 2.5)
- (iii) Less: Total ranking liabilities (series number 3.11)

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.