Arif Habib Corp

TOGETHER WE GROW

Annual Report 2021

TOGETHER WE GROW

ARIF HABIB
GROUP

Since initiation, the Arif Habib Group has grown by imagining possibilities and developing a blueprint to convert them into reality. It has made a difference to lives across Pakistan by being a responsible investor supporting the country's growth story and boosting relevant sectors of national importance.

With an entrepreneurial essence and passion to undertake business projects that fuel the growth of society and economy, the Arif Habib Group has built and continues to develop businesses in the areas of financial services, fertilisers, cement, steel, renewable energy and real estate development.

After having found a strong foothold in financial services, the Group, over time, has diversified into emerging business areas, with meaningful contributions to Pakistan's economy. The Group draws strength from its own human capital, as well as, its ability to forge strong partnerships with other businesses and benefit from collective strength. To continuously strive for quality and excellence are an integral part of the Group's business model and these are not merely corporate slogans but the formula for achieving success. An important part of our strategy is to continue raising the bar.

With a strong belief, consistent and unwavering faith in Pakistan's immense growth potential, the Arif Habib Group is committed to serve the country, community and all its stakeholders reach maximum potential through innovation, transforming challenges into opportunities.

ARIF HABIB
CORPORATION LIMITED

Arif Habib Corporation Limited (AHCL) is the flagship company of the Arif Habib Group. The company took over the sole proprietorship business set up by Mr. Arif Habib in 1990 and was incorporated in 1994 as a public limited company with a paid up capital of PKR 40 million.

AHCL was listed in 2001, with an initial public offering (IPO) of one million shares, targeting to raise PKR 80 million in order to finance growth. Since its listing in 2001, the Company has distributed PKR 14 billion as dividend (including specie dividend), PKR 720 million by buying back 2 million shares (having face value of PKR 10 each) at a price of PKR 360 per share in 2005-6 & PKR 1.225 billion by buying back 45.375 million shares (having face value of PKR 10 each) at a price of PKR 27 per share in 2019-20 from its shareholders. Currently the Company's equity is PKR 21 billion built through retained earnings. Thus, by 30th June 2021, the initial investors in the IPO of the Company, have had a compounded all annualized return of 27.65% (2001).

The Arif Habib brand, is today seen as the name that assures a commitment to best practices and putting its stakeholders first, which they have come to expect of the Company striving to be the best in its class.

ARIF HABIB
GROUP'S JOURNEY

1994

Establishment of Arif Habib Securities Limited (Now Arif Habib Corporation Limited)

2001

Establishment of Asset Management Company, Arif Habib Investments (now MCB-Arif Habib Savings and Investments Limited)

Listing of Arif Habib Corporation Limited on Stock Exchange

2004

Establishment of Arif Habib Limited by separating brokerage business from Arif Habib Securities Limited

Acquired Rupali Bank, renamed as Arif Habib Rupali Bank and then Arif Habib Bank

Acquisition of Sukh Chayn Gardens and Thatta Cement

2005

Acquisition of Pakarab Fertilizers Limited

2011

Acquisition of Sachal Energy Development (Pvt) Ltd (to set up Wind Power)

Merger of Arif Habib Investments and MCB Asset Management

Launch of Naya Nazimabad Housing Project

2006

Invested in Power Cement Limited

Acquisition of Javedan Cement Limited

Invested in Fatima Fertilizer Company Limited, which was established as a green field project

2007

Became a joint venture partner in Aisha Steel Mills Limited

2008

Acquired stake in ICPL (Dolmen City)

2009

Establishment of REIT Management Company

Divestment of Arif Habib Bank (now Summit Bank) and Thatta Cement

2012

Establishment of Arif Habib Commodities (Pvt) Ltd

2015

Acquisition of DH Fertilizers

Launch of Dolmen City REIT, South Asia's first listed REIT

2017

Achieved Financial Close for expansion of Aisha Steel and Power Cement

Incorporation of Black Gold Power Limited for 660MW Coal Power Project

2019

Achieved COD of Aisha Steel's expansion

2020

Achieved COD of Power Cement's expansion

2021

Launch of Silk Islamic Development REIT, Pakistan's first developments REIT

CONTENT

FORWARD
LOOKING STATEMENTS

Statement in this report that are not historical facts are futuristic plane based on the current beliefs, estimates and Expectations of management and includes risks and uncertainties coupled with variations in economic or market Conditions, amendments in laws, regulations and policies.

CORPORATE
STRATEGY

Our Corporate Strategy aims at creating value for all stakeholders by maintaining and improving our competitive position in the market.

This is achieved by continuously evaluating and acting in the best interests of our stakeholders in response to the changing market conditions, both domestically, as well as internationally. Towards this end, we optimise our financial and human capital while seeking partnerships with other business houses having strong management teams to create and expand viable business enterprises.

VISION

To be Pakistan's leading Investment Company, which delivers both competitive financial returns, together with having a positive impact on the country's economy and its people through responsible investing.

MISSION

Our mission is to excel in conceiving, developing and executing innovative projects across business sectors, with the aim of maximising returns for stakeholders, while playing a significant role in developing Pakistan's economy and its integration into the world markets.

OBJECTIVES

- Maintain Industry Leadership
- Create new businesses to augment profitability for sustained economic growth
- Maintain operational efficiency and to achieve synergies within our resources

VALUES

AHCL is values-driven and this principle continues to direct the business and the growth of the Arif Habib Group companies. The core values which reinforce the way we do business are:

INTEGRITY
We conduct our business fairly, with honesty and with transparency.

Everything we do stands the test of public scrutiny

EXCELLENCE
We constantly strive to achieve the highest possible standards in our day-to-day work and in the quality of the goods and services we provide

UNITY
We work cohesively with our colleagues across the group and with our customers and partners around the world, building strong relationships based on tolerance, understanding and mutual cooperation

RESPONSIBILITY
We continue to be responsible, as well as sensitive to the geographies, communities and the environment in which we work, always ensuring that what comes from the people goes back to the people many times over

COMPANY INFORMATION

Board of Directors

Asadullah Khawaja
Chairman

Arif Habib
Chief Executive Officer

Sirajuddin Cassim
Independent Director

Zeba Bakhtiar
Independent Director

Nasim Beg
Non-Executive Director

Samad A. Habib
Non-Executive Director

Muhammad Ejaz
Non-Executive Director

Kashif A. Habib
Non-Executive Director

Audit Committee

Sirajuddin Cassim - Chairman

Kashif A. Habib - Member

Muhammad Ejaz - Member

Management

Arif Habib - Chief Executive Officer

Mohsin Madni - Chief Financial Officer

Manzoor Raza - Company Secretary

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
National Bank Of Pakistan
Standard Chartered Bank (Pakistan) Limited
Sindh Bank Limited
Summit Bank Limited
Soneri Bank Limited
The Bank Of Khyber
The Bank Of Punjab
United Bank Limited

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisors

Bawaney & Partners
Akhund Forbes

Registered & Corporate Office

Arif Habib Centre, 23, M.T.Khan Road
Karachi-74000
Phone: (021) 32460717-9
Fax: (021) 32429653
Email: info@arifhaibcorp.com
Company website:www.arifhabibcorp.com
Group website: www.arifhabib.com.pk

Registrar & Share Transfer Agent

CDC Share Registrar Services Limited
CDC House, 99-B, Block-B, S.M.C.H.S, Main
Shahrah-e-Faisal, Karachi
Phone: (021) 111-111-500
Fax: (021) 34326053
URL: www.cdcrsl.com
Email: info@cdcrsl.com

REVIEW REPORT BY THE CHAIRMAN ON THE OVERALL PERFORMANCE OF THE BOARD

During the year under review, the Board of Directors (the Board) of AHCL has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner.

The Board has exercised its powers and has performed its duties as stated in the Companies Act, 2017, the Code of Corporate Governance ("the Code") and the Rule Book of the Pakistan Stock Exchange (the Rule Book) where the Company is listed.

The Board during the year ended 30th June 2021 played an effective role in managing the affairs of the Company and achieving its objectives in the following manner;

- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees has adequate skill, experience and knowledge to manage the affairs of the Company;
- The Board has formed an Audit and Human Resource and Remuneration Committee having approved respective terms of references, and has assigned adequate resources so that the committees perform their responsibilities diligently;
- The Board has developed and put in place the rigorous mechanism for an annual evaluation of its own performance and that of its committees and individual directors. The findings of the annual evaluation are assessed and re-evaluated by the Board periodically;
- The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner;
- The Board has ensured that the meetings of the Board and that of its committees were held with the requisite quorum, all the decision making were taken through Board resolution and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;
- The Board has developed a code of conduct setting forth the professional standards and corporate values adhered through the Company and has developed significant policies for smooth functioning;
- The Board has actively participated in strategic planning process, enterprise risk management system, policy development, and financial structure, monitoring and approval;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;
- The Board has prepared and approved the director's report and has ensured that the directors report is published with the quarterly and annual financial statement of the Company and the content of the directors report are in accordance with the requirement of applicable laws and regulation;
- The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary, and Head of Internal Audit;
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings; and
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.

The evaluation of the Board's performance is assessed based on those key areas where the Board requires clarity in order to provide high level oversight, including the strategic process; key business drivers and performing milestones, the global economic environment and competitive context in which the Company operates; the risk faced by the Company's business; Board dynamics; capability and information flows. Based on the aforementioned, it can reasonably be stated that the Board of AHCL has played a key role in ensuring that the Company objectives' are achieved through a joint effort with the management team and guidance and oversight by the Board and its members.

Asadullah Khawaja
Chairman
Karachi: 29th September 2021

BOARD OF DIRECTORS

Mr. Asadullah Khawaja

Chairman

Mr. Asadullah Khawaja is the Chairman of Arif Habib Corporation Limited. He started his professional career with United Bank Limited and soon switched to investment banking with Investment Corporation of Pakistan (ICP) where he served in various executive positions before taking charge as the Managing Director.

Mr. Khawaja also held the additional charge as Chief Executive of Bankers Equity Limited (BEL) and National Investment Trust Limited (NITL). His foreign assignments include five years at Pakistan Embassy in London as Investment Counsellor. During his professional career he has served as Chairman Packages Limited, Chairman Pakistan Industrial Credit and Investment Corporation (PICIC) and also the Executive Director of Pakistan Credit Rating Agency. Mr. Khawaja has also served on the Board of Directors of prestigious institutions of domestic and international standings and the list of companies can be termed impressive. He has also served as the Chairman of the Board of PICIC Asset Management Company.

Mr. Khawaja completed his Bachelor of Arts in 1964 from Forman Christian College, Lahore. Subsequently, he completed several local and foreign courses on banking, securities, industries management, investment analysis and portfolio management. Moreover, he has participated in various international seminars and workshops on investment oriented issues.

Corporate Responsibilities

As Director

Pak Elektron Limited
Pioneer Insurance

Mr. Arif Habib

Chief Executive

Mr. Arif Habib is the Chief Executive of Arif Habib Corporation Limited, the holding company of Arif Habib Group. He is also the Chairman of Fatima Fertilizer Company Limited, Aisha Steel Mills Limited, Javedan Corporation Limited (the owner of Naya Nazimabad) and Sachal Wind Power.

Mr. Arif Habib remained the elected President/Chairman of Karachi Stock Exchange for six times in the past and was a Founding Member and Chairman of the Central Depository Company of Pakistan Limited. He has served as a Member of the Privatisation Commission, Board of Investment, Tariff Reforms Commission and Securities & Exchange Ordinance Review Committee. He is currently a member of the Prime Minister's Economic Advisory Council (EAC) and the Think-Tank constituted by the Prime Minister on COVID-19 related economic issues.

Mr. Habib participates significantly in welfare activities. He remains one of the directors of Pakistan Centre for Philanthropy (PCP), Karachi Education Initiative (KSBL) and Karachi Sports Foundation as well as trustee of Memon Health & Education Foundation (MMI) and Fatimid Foundation.

Corporate Responsibilities

As Chairman

Aisha Steel Mills Limited
Arif Habib Consultancy (Private) Limited
Arif Habib Foundation
Black Gold Power Limited
Fatima Fertilizer Company Limited
Fatimafert Limited
Javedan Corporation Limited
Karachi Sports Foundation
National Resources (Private) Limited
Pakarab Fertilizers Limited
Sachal Energy Development (Private) Limited

As Director

Arif Habib Equity (Private) Limited
Arif Habib Real Estate Services (Private) Limited
Fatima Cement Limited
International Builders and Developers (Private) Limited
NCEL Building Management Limited
Pakarab Energy Limited
Pakistan Business Council
Pakistan Engineering Company Limited
Pakistan Opportunities Limited

As Honorary Trustee/Director

Fatimid Foundation
Habib University Foundation
Karachi Education Initiative
Pakistan Centre for Philanthropy

Mr. Sirajuddin Cassim

Independent Director

Mr. Sirajuddin Cassim, a Fellow Member of the Institute of Chartered Accountants of Pakistan, started as a partner in Daudally Siraj & Company, Chartered Accountants and has remained engaged in financial, investment advisory and corporate consultancy services since 1985. With his extensive experience and in-depth knowledge of accounting, tax laws, corporate law, and corporate finance, he leads the Audit Committee and inspires the management at AHCL to adopt appropriate measures to improve controls.

He has practical experience of preparing prospectus/offer for sale documents of numerous companies and had been pivotal in their successful listing on the stock exchanges of the country.

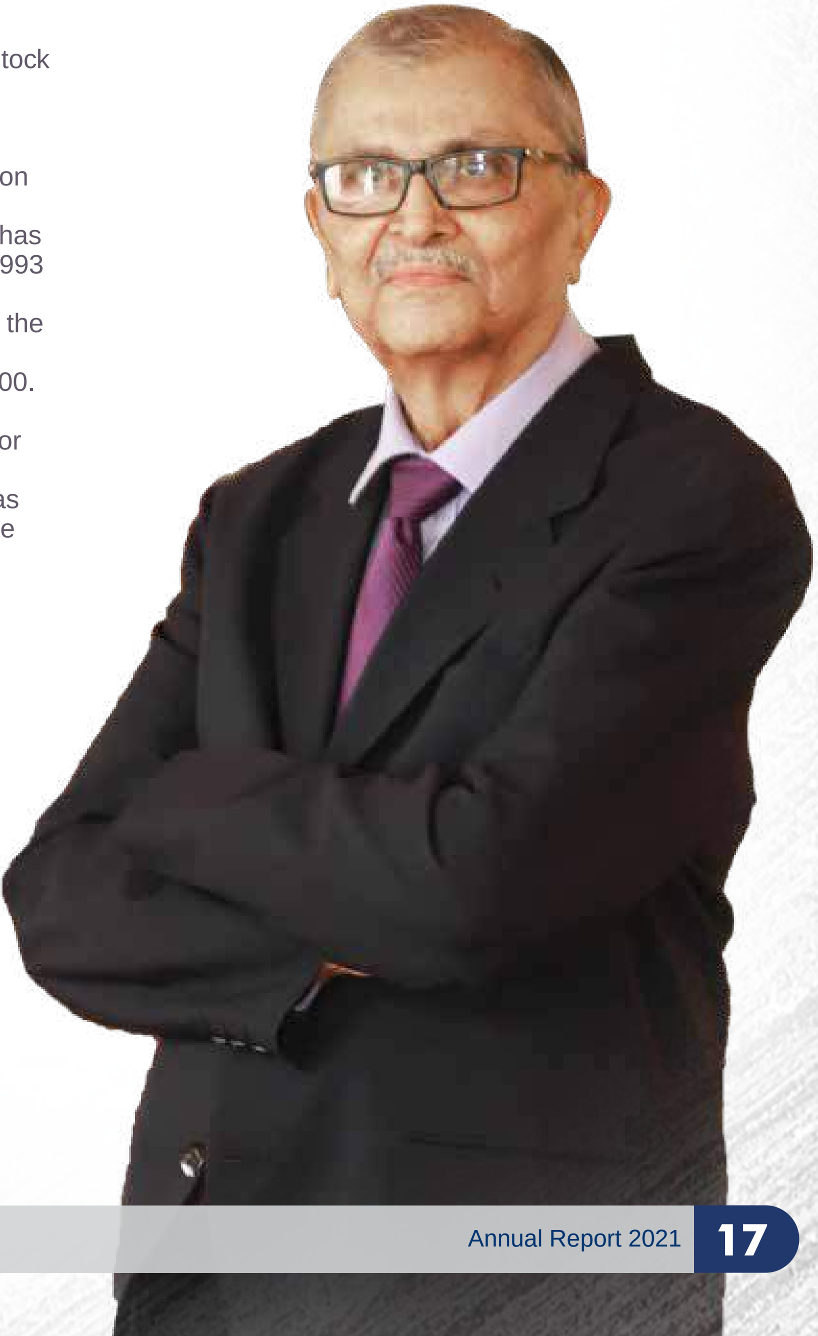
Mr. Cassim was a member of the Karachi Stock Exchange and Islamabad Stock Exchange. Over the years he has held various Board Positions through which he has introduced reforms and improvements. He has served on the Board of Directors of the Karachi Stock Exchange in the years 1990 and 1991 and has also held the position of Vice President in 1993 and of President in 1995. He served as the Chairman of the CDC in 1995. He was also the Vice President of Institute of Chartered Secretaries and Managers from 1997 to 2000.

He has also served as the Executive Director Standard Chartered Mercantile Leasing Company Limited from 1989 to 1998. He has vast experience of serving as member of the Taxation & Fiscal and Banking & Fiscal sub-committees of the Karachi Chamber of Commerce & Industry.

Corporate Responsibilities

As Director

Platinum Securities (Private) Limited



Ms. Zeba Bakhtiar

Independent Director

Ms. Zeba Bakhtiar is a renowned name all over Pakistan. She belongs to the province of Baluchistan, and is the daughter of Mr. Yahya Bakhtiar, a prominent barrister and political figure in the history of Pakistan who had played a key role in framing of the 1973 Constitution of Pakistan as the attorney general, when he served in Prime Minister's cabinet.

Ms. Zeba Bakhtiar studied at St. Josephs Convent Quetta, Karachi Grammar School, Kinnaird College Lahore and Baluchistan University. She began her acting career in 1988 from PTV. In 1999, she established a film production company Nirvana films and in 2004 Sagar Entertainment for television production. In 2012 she was selected in the Eisenhower Fellowship South Asia program to study possibilities of using media for social change and development. In 2017, she made a career shift to her paternal family's business of real estate development in Quetta and began her first real estate development project "Bakhtiar Mall" in the heart of Quetta city.

She is honorary President for Diya women's football club (Pioneers of women's football in Pakistan) and supports women's empowerment and career development at every opportunity. In September 2020 she was appointed President of Women's Chamber of Commerce and Industry.

Corporate Responsibility

As President

Women's Chamber of Commerce and Industry

Mr. Nasim Beg

Non-Executive Director

Mr. Nasim Beg is the Chief Executive Officer of Arif Habib Consultancy (Pvt.) Limited, along with being the Vice Chairman of MCB-Arif Habib Savings & Investments Limited, an Asset Management Company that was conceived and set up by him and which he headed as Chief Executive till June 2011.

He qualified as a Chartered Accountant in 1970 and over the decades has had experience in the business world, including manufacturing, as well as in financial services, within and outside the country. Before joining the Arif Habib Group, Mr. Beg served as the Deputy Chief Executive of the National Investment Trust, which he joined during its troubled period and played an instrumental role in its modernisation and turn around. He also served as the acting Chief Executive of NIT for a few months. He has also been associated at top-level positions with other asset management and investment advisory companies.

Mr. Beg has also held senior level responsibilities in the automobile industry. During his tenure as the Chief Executive of Allied Precision (a subsidiary of the Allied Engineering Group), he set up a green field project for the manufacture of sophisticated indigenous components for the automotive industry under transfer of technology licenses with Japanese and European manufacturers.

His initiation to the financial services business was with the Abu Dubai Investment Company, UAE, where he was a part of the team that set up the company in 1977. He was the founding Chairman of the Institute of Financial Markets of Pakistan, which was sponsored by the Securities & Exchange Commission of Pakistan (SECP). He has served on several committees set up by the SECP for developing the Capital Markets, including the one that authored the Voluntary Pension System. He has also held the Chairmanship of the Mutual Funds Association of Pakistan. In addition, he has also been a member of the Prime Minister's Economic Advisory Council (EAC).

Corporate Responsibilities

Arif Habib Consultancy (Pvt.) Limited (Chief Executive)

As Director

Aisha Steel Mills Limited
Arif Habib Dolmen REIT Management Limited (non-executive Chairman)
MCB-Arif Habib Savings & Investments Limited (non-executive Vice Chairman)
Power Cement Limited (non-executive Chairman)
Pakarab Fertilizers Limited
Pakistan Opportunities Limited

Mr. Samad A. Habib

Non-Executive Director

Starting off with a career at Arif Habib Corporation Limited; Samad built up his experience in sales, marketing and corporate activities working his way up through various executive positions. Joining Arif Habib Limited in 2004, he led the company as Chairman and Chief Executive playing a key role in the strategic direction of the company where he specialized in capital market operations and corporate finance building achieving a range of significant IPOs and private placements.

In 2011 he moved to Javedan Corporation Limited as a part of the driving force behind the transformation of the dilapidated cement plant to a living community. At Naya Nazimabad, Samad Habib has contributed to making a positive impact on society providing a quality lifestyle to the middle class of the city. His dedication and optimism is set to further transform the area with the largest commercial precinct development in the city presently under planning.

Corporate Responsibilities

Javedan Corporation Limited (Chief Executive)
Safemix Concrete Limited (Chief Executive)

As Chairman

NN Maintenance Company (Pvt.) Limited

As Director

Aisha Steel Mills Limited
Arif Habib Dolmen REIT Management Limited
Power Cement Limited
Arif Habib Equity (Pvt.) Limited
Arif Habib Foundation
Arif Habib Real Estate Services (Pvt.) Limited
Black Gold Power Limited
Memon Health and Education Foundation
Nooriabad Spinning Mills (Pvt.) Limited
Pakarab Fertilizers Limited
Pakistan Opportunities Limited
Rotocast Engineering Company (Pvt.) Limited
Sukh Chayn Gardens (Pvt.) Ltd.

Mr. Muhammad Ejaz

Non-Executive Director

Muhammad Ejaz is the founding Chief Executive of Arif Habib Dolmen REIT Management Limited, which has successfully launched South Asia's first listed REIT fund. He has been associated with Arif Habib Group since August 2008 and sits on the board of several group companies. He has spear headed several group projects when these were at a critical stage during their execution.

Prior to joining Arif Habib Group, Ejaz has served at senior positions with both local and international banks. He was the Treasurer of Emirates NBD bank in Pakistan and served Faysal Bank Pakistan as Regional Head of Corporate Banking group. He also served Saudi-Pak bank (now Silkbank) as Head of Corporate and Investment Banking. He also had short stints at Engro Chemical and American Express bank.

Ejaz did his graduation in Computer Science from FAST, ICS and did MBA in Banking and Finance from IBA, Karachi where he is a regular visiting faculty member. He has also conducted programs at NIBAF–SBP and IBP. He is a Certified Director and also a Certified Financial Risk Manager.

He actively participates in the group's CSR initiatives especially those which render services in the fields of health and education with emphasis on female literacy.

Corporate Responsibilities

Arif Habib Dolmen REIT Management Limited
(Chief Executive)

As Director

Javedan Corporation Limited
Arif Habib Real Estate Services (Pvt.) Limited
REMMCO Builders & Developers Limited
Sachal Energy Development (Pvt.) Limited

Mr. Kashif A. Habib

Non-Executive Director

Mr. Kashif A. Habib is the Chief Executive of Power Cement Limited. Being a member of the Institute of Chartered Accountants of Pakistan (ICAP) he completed his articleship from A.F. Ferguson & Co. (a member firm of Price Waterhouse Coopers), where he gained experience of a diverse sectors serving clients spanning the Financial, Manufacturing and Services industries.

He has to his credit four years of experience in Arif Habib Corporation Limited as well as over a decade's experience as an Executive Director in cement and fertilizer companies of the group.

Corporate Responsibilities

Power Cement Limited (Chief Executive)

As Director

Aisha Steel Mills Limited
Fatima Fertilizer Company Limited
MCB-Arif Habib Savings & Investments Limited
Arif Habib Equity (Pvt.) Limited
Arif Habib Foundation
Arif Habib Real Estate Services (Pvt.) Limited
Black Gold Power Limited
Fatimafert Limited
Fatima Cement Limited
Fatima Packaging Limited
Nooriabad Spinning Mills (Pvt.) Limited
Pakarab Fertilizers Limited
Rotocast Engineering Company (Pvt.) Limited
Safemix Concrete Limited
Siddqsons Energy Limited

KEY MANAGEMENT

Mr. Mohsin Madni
Chief Financial Officer

Mr. Mohsin Madni is the Chief Financial Officer of Arif Habib Corporation Limited. His role encompasses a wide range of matters ranging from finance and taxation.

Mr. Madni is an Associate Member of the Institute of Chartered Accountants of Pakistan (ICAP) and holds Master's Degree in Economics & Finance. He is a member of Pakistan Institute of Public Finance Accountants (PIPFA) and Institute for Internal Controls, USA. Mr. Madni completed his Articleship from KPMG Taseer Hadi & Co., Chartered Accountants, where he gained experience of diverse sectors serving clients spanning the Financial, Manufacturing, Trading and Services industries.

Mr. Manzoor Raza
Company Secretary

Mr. Manzoor Raza is the Company Secretary of Arif Habib Corporation Limited. His role encompasses a wide range of matters ranging from corporate law to compliance.

He is a member of Institute of Chartered Secretaries and Managers and has been associated with the Arif Habib Group since 2003. He worked with Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited) before moving to Arif Habib Corporation Limited in 2011.

DIRECTORS' REPORT

DEAR FELLOW SHAREHOLDERS,

The Directors of Arif Habib Corporation Limited (AHCL) present herewith the Annual Report of your Company and the audited financial statements for the financial year ended on 30th June 2021 together with auditors' report thereon.

PRINCIPAL ACTIVITIES

AHCL is the holding company of Arif Habib Group, having diversified businesses consisting of financial services, fertilisers, energy, cement, steel and real estate. The Company also continues to be an investor in the securities market.

THE ECONOMY

The year under review has been a period of V shaped recovery in economic activities after the shock of COVID-19 pandemic in the last year. The recovery witnessed has been on the back of a proactive stance of the government and the central bank through various stimuli and supportive facilities/policies to revive economic activity. Worth mentioning are loan deferment facility, aggressive monetary easing towards the end of FY20, Temporary Economic Refinance Facility, construction package. The economy posted a GDP growth of 3.94% for FY21 as compared to negative 0.5 % in the previous year. This recovery resulted in higher import bill (goods) of USD 54 billion up by 23% Year on Year, higher exports increasing by USD 3.1 billion to USD 25.6 billion, impressive 27% growth in remittances, reaching at USD 29.4 billion and lower Current Account deficit of USD 1.8 billion which was 0.6% of GDP. Value of Rupee appreciated by 6.3% during the year under review. The total reserves position continued to consolidate, reaching USD 24.4 billion by FY21 end, up 29% YoY. Inflationary readings for the year settled at an average of 8.9% for FY21.

FINANCIAL RESULTS

During the financial year, the Company posted a consolidated profit-after-tax (attributable to equity holders of the Parent Company) of PKR 7.5 billion as opposed to PKR 2.6 billion during last year. This translates to an earning of PKR 18.33 per share as compared with an earning of PKR 6.39 per share last year.

On unconsolidated basis, the Company has recorded a profit-after-tax of PKR 3.8 billion as compared with loss of PKR 569.9 million in 2019-20. This translates to earnings-per-share of PKR 9.49 as compared with loss-per-share of PKR 1.38 per share recorded in the previous year.

The Board has recommended declaration of a final Cash Dividend for the year ended 30th June 2021 at PKR 3.00 per share i.e. 30%. This entitlement shall be available to those shareholders whose names appear on the shareholders' register at the close of business on 21st October 2021.

PERFORMANCE OF SUBSIDIARIES AND ASSOCIATES

Financial Year 2021 has proven to be a positive year with respect to the financial performance of your investee companies. Your Company's diversified portfolio has performed beyond expectations yielding higher dividends for the holding Company in the following year.

INVESTEE SEGMENTS AT A GLANCE

FERTILISERS

The Company has a significant investment in the fertiliser sector with a total annual production capacity of 2.7 million tonnes consisting, of plants at Sadiqabad, Shaikhapura and Multan under the name of Fatima Fertilizer Company Limited (FATIMA).

The operational and financial performance of FATIMA remained strong during the period. Overall production and sales volumes increased as compared to same period last year mainly due to production volumes from Multan plant which was acquired last year. FATIMA generated net profit after tax of PKR 15.4 billion from July 2020 to June 2021.

Post the sale of production and operating plants of Pakarab Fertilizers Limited (PAFL), PAFL plans to focus on trading of imported DAP and sale of Liquefied Carbon Dioxide (LCO2) and is also providing manpower services for operations and maintenance of plants sold to FATIMA.

FINANCIAL SERVICES

In contrast to its performance in FY19 and FY20, KSE-100 Index has had a stellar year gaining 38% to close at 47,356 points. This was the highest yearly return since FY14 of 41%. The operating performance of the subsidiaries in this sector has mirrored the Market's trend. Arif Habib Limited (AHL) has recorded its highest ever profit of PKR 2.08 billion for the year ended on June 30, 2021 with growth of 3,382% as compared to the previous year. The equity of the AHL as at the balance sheet date stood at PKR 5 billion (June 2020: PKR 3.3 billion), translating into book value per share of PKR 84.10 (June 30, 2020: PKR 55.07).

For our asset management company, MCB-Arif Habib Savings and Investments Limited (MCBAH), the year under review has shown significant growth. MCBAH showed significant growth and generated net sales of over PKR 46.1 billion; resultantly as on June 30, 2021, the Assets Under Management (AUMs) reached at PKR 155.4 billion compared to PKR 109.3 billion as on June 30, 2020. MCB Arif Habib posted profit after tax of PKR 376.4 million compared to last year profit of PKR 257.7 million. The Earnings per Share of current financial year ended June 30, 2021 is PKR 5.23 as compared to PKR 3.58 per share in the previous financial year ended June 30, 2020.

STEEL

ASML produces Cold Rolled Coils (CRC) and Galvanized Iron Coils (GI) of international quality standards from imported Hot Rolled Coils (HRC). The sales quantity achieved in the year 2020-21 was 379,622 tons compared to 258,453 tons achieved last year, showing an increase of about 47%. The total production for the period was 365,274 tons compared to 277,800 tons, showing an increase of about 31%. The revenue generated during the year was PKR 55.12 billion, compared to PKR 29.78 billion achieved in 2019-20, showing an increase of 85%. The gross profit increased to 20.29% compared to 7.95% achieved last year. The profit after tax was PKR 6.4 billion compared to a loss of PKR 616.6 million in the previous year translated into basic earning per share of PKR 8.19 as compared to loss of PKR 89 paisas last year.

CEMENT

Power Cement has increased its capacity to 3.6 million tons per annum from 0.9 million tons per annum, making it one of the most cost-efficient and the second largest unit in the Southern region, which will help the company acquire a bigger market share, making it a serious player in the cement sector. The new plant is a complete state-of-the-art European cement production line supplied by FLSmidth, Denmark with the latest environmental pollution control systems and technology for the highest levels of energy efficiency and maintainability. The emissions will be in compliance with the World Bank and IFC Guidelines. Special feature of the new plant is the installation of a comprehensive quality control system. The company has recorded a profit after tax of PKR 358 million compared to a loss of PKR 3.6 billion last year.

WIND POWER

Sachal Energy Development (Pvt.) Limited (SEDPL) is the first Pakistani owned Wind Power project under CPEC to have achieved commercial operations. SEDPL is also the first privately owned Pakistani project to receive SINOSURE backed financing and the first such project to receive financing from ICBC, China. The company is committed to supply clean energy to the national grid through the National Transmission and Despatch Company for 20 years. The company has generated an after tax profit of PKR 1.9 billion with an EPS of PKR 5.83.

FUTURE OUTLOOK

We expect economic activity to continue marching onwards on the back of the pro-growth stance of the government and central bank. Pressure on Current Account deficit and value of Rupee is foreseeable resulting in inching of inflation. Your Company's diversified portfolio is expected to perform better as dividend income is expected to increase. Fertiliser and real estate are expected to record growth in their profitability whereas wind power is expected to maintain profitability of last year. Financial services and steel are expected to record decent profits and cement is expected to achieve break even. On overall basis company is expected to do better.

RISK MANAGEMENT

The risk management system devised by the Board comprises of a wide range of finely tuned organizational and procedural components and is capable of identifying events and developments impairing the going-concern status of the Company. The risk management system is designed to promote a balanced approach to risks at all organizational levels, identify and analyse the opportunities and risks at an early stage, their measurement and the use of suitable instruments to manage and monitor risks.

With the Company's key business being that of investing, it has evolved its risk management system as its investment strategy has evolved, in light of which an overall annual review of business risks is undertaken regularly to ensure that the management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the Company and shareholder.

The Company started with secondary market investments and has always followed a policy of diversification between sectors and companies and at the same time, basing individual investment decisions on fundamental analysis and following the time-tested rule of value investing. The Company manages risk by applying caution with respect to the security selection; avoiding concentration risk, ensuring adequate underlying collateral and potential cash flows and assessing the capacity of the counterparty. In addition, the Company has played a continuing role through its representatives in the development of basic capital market infrastructure.

For its strategic investments, the Company has developed risk management systems suited to such investing. Business decisions are reached after deliberation of comprehensive project analyses, which identifies both potential risks and opportunities. To manage the risk, the Company focuses on core areas like governance by Board and senior management, preparation and implementation of policies and procedures, risk monitoring, management information system, and internal controls. The Company goes through a systematic process of identifying and evaluating risks and controls and, where necessary, improving the ways in which risks are managed. As an ongoing process and at least once each year, the management reviews the financial reporting statements and also statements regarding risk management, corporate social responsibility, integrity and compliance with the code of conduct, the accounting manual, statutory provisions and compliance with other rules and regulations.

For operational risk management, the starting point has always been carrying out an in depth analysis before making the investment, and supplementing that with hiring of qualified and experienced professionals to represent it on the Boards of investee companies wherever required, applying budgetary and other internal controls on such companies through the Board members, continuing review of performance of the investee companies and taking corrective measures as and when needed, including the dis-investment from businesses if that becomes the right option.

The Board has set up an Investment Committee, with the responsibility of vetting and continuous monitoring of all strategic investments. In turn, the Company's management staff is responsible for providing the Committee with timely reports on the strategic investments. The detailed Qualitative Reports and Quantitative analysis on Risk management is presented in note 33 to the financial statements.

CAPITAL MANAGEMENT AND LIQUIDITY

The Company has a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. There were no changes in Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

HUMAN RESOURCE

Your Company takes great pride in the commitment, competence and ownership shown by its employees in all realms of the business. We ensure long-term employee development by seeking out the right employees, making the most of their talents, developing potential and ensuring employability.
We understand that investment in our employees will ultimately result in a stronger and more effective workforce. Employees are recognized and rewarded based on their performance, which results in enhanced retention and motivation across all levels. All our operational activities are carried out transparently and in lieu with our code of ethics, on which there can be no compromise.

MATERIALITY APPROACH ADOPTED

The Board of Directors closely monitors all material matters of the Company. In general, matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company in accordance with the policy.

CORPORATE SOCIAL RESPONSIBILITY

Sustainable and responsible development has remained one of our key concerns since inception which is why we continue to encourage our group companies to demonstrate responsibility and sensitivity towards the people and environment in which they operate.

We, at the Arif Habib Group are conscious of the well-being of our employees as well as community at large and have taken steps to ensure the safety of our employees, customers, stakeholders; providing support to our local communities.

Arif Habib Group companies run a sizeable CSR program in Pakistan covering various sectors requiring foremost attention, with a special focus in the areas of education, healthcare, environment, community welfare, sports and relief work.

The group companies focus on energy conservation and all departments and employees adhere to power conservation measures. It is our vision to continue contributing to the economic growth and stability in Pakistan through actively reinvesting in its economy, its people and the sustainability of its environment. The Group continuously endeavours to support initiatives to reduce resource consumption and encourage research into renewable energy.

Your Company takes its contribution towards national economy seriously and has always discharged its obligations in a transparent, accurate and timely manner. Details of the contributions made by group companies are presented on Page 71.

CORPORATE GOVERNANCE

AHCL is listed at the Pakistan Stock Exchange. The Company's Board and management are committed to observe the Code of Corporate Governance prescribed for listed companies and are familiar with their responsibilities and monitor the operations and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

The Board would like to state that proper books of accounts of the Company have been maintained and appropriate accounting policies have been adopted and consistently applied except for new accounting standards and amendments to existing standards as stated in note # 3 to the annexed audited financial statements. Preparation of accounts and accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards, as applicable in Pakistan, are followed in the preparation of the financial statements. The system of internal controls, including financial controls, is sound in design and has been effectively implemented and monitored. The financial statements of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity. No material payment has remained outstanding on account of any taxes, duties, levies or charges. The Company has no outstanding obligations under gratuity, pension or provident fund.

The Company has a policy in place to nominate directors on the board of each strategic investment based on its stake in the company. Wherever required, AHCL nominees and / or representatives work with the management of each strategic investee company on a detailed business plan and budget, and performance is measured against the budget and business plan. Progress of investee companies is monitored periodically.

The Board hereby reaffirms that there is no doubt whatsoever about the Company's ability to continue as a going concern and that there has been no material departure from the best practices of corporate governance.

It has always been the Company's endeavour to excel through better Corporate Governance and fair and transparent practices, many of which have already been in place even before they were mandated by law.

TRADING IN COMPANY'S SHARE BY DIRECTORS AND EXECUTIVES

All Directors including the Chief Executive, Chief Financial Officer and Executives of the Company were informed by the Company Secretary to immediately inform in writing, any trading in the Company's shares by themselves or by their spouses and to deliver a written record of the price, number of shares and CDC statement within 2 days of such transaction to the Company Secretary.

A statement showing the Company's shares bought and sold by its Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor family members is annexed as Annexure-I. Except as disclosed in Annexure – I, there has been no trading in Company's shares by any of other employee whose basic salary exceeds the threshold of PKR 2,400,000 in the year, being the threshold set by the directors for disclosure in annual reports.

COMPOSITION OF BOARD / COMMITTEES

Out of the total eight Directors, seven Directors are male whereas one Director is female. During the year, Ms. Zeba Bakhtiar has been appointed as a Director on casual vacancy in place of Dr. Shamshad Akhtar, the outgoing director. The composition of existing Board of Directors and its Committees is as follows

Board of Directors	Category	Audit Committee	Investment & Projects Diversification Committee	Human Resource & Remuneration Committee
Mr. Sirajuddin Cassim	Independent	Chairman	-	Chairman
Ms. Zeba Bakhtiar (Female director)		-	-	-
Mr. Asadullah Khawaja (Chairman)	Non-executive	-	-	-
Mr. Nasim Beg		-	Member	Member
Mr. Samad A. Habib		-	Member	-
Mr. Kashif A. Habib		Member	Member	Member
Mr. Muhammad Ejaz		Member	-	-
Mr. Arif Habib (Chief Executive)	Executive	-	Chairman	Member

DIRECTORS REMUNERATION POLICY

Those non-executive directors including independent directors of Arif Habib Corporation Limited who do not hold a senior executive or management position or directorship in any group company may claim meeting fee for attending Board of Directors meeting or any of Boards' sub-committee meeting at the rate approve by Board of Directors from time to time.

Payment of remuneration against assignment of extra services by any director shall be determined by the Board of Directors on the basis of standards in the market and scope of the work and shall be in line as allowed by the Articles of Association of the Company. Levels of remuneration shall also be appropriate and commensurate with the level of responsibility and expertise. However, for an Independent Director, it shall not be at a level that could be perceived to compromise the independence.

The Chief Executive Officer is the only executive director on the Board. Disclosure with respect to remuneration package of chief executive, director and executives is presented in note # 29 to the annexed audited financial statements.

ATTENDANCE AT BOARD MEETINGS

A statement showing the names of the persons who were directors of the company during the financial year along with their attendance at Board and Committee(s) meetings is annexed as Annexure-II.

PATTERN OF SHAREHOLDING

The shares of the Company are listed on the Pakistan Stock Exchange. There were 3,356 shareholders of the Company as of 30th June 2021. The detailed pattern of shareholding and categories of shareholding of the Company including shares held by directors and executives, if any, are annexed as Annexure-III.

FINANCIAL AND BUSINESS HIGHLIGHTS

The key operating and financial data has been given in summarized form under the caption "Financial & Business Highlights" on page 62.

INVESTMENT IN RETIREMENT BENEFITS

The value of investment made by the staff Provident Fund operated by the Company as per their respective unaudited financial statements as of 30th June 2021 amounts to PKR 41.8 million.

AUDIT COMMITTEE

As required under the Code of Corporate Governance, the Audit Committee continued to perform as per its terms of reference duly approved by the Board. The Committee composition and salient features of its terms of reference are also attached with this report.

AUDITORS

The present external auditors M/s. KPMG Taseer Hadi & Co. (KPMG) shall retire at the conclusion of Annual General Meeting on 28th October 2021. Keeping in view the best practices of corporate governance for rotation of auditors, the Board of Directors, upon the recommendation of Audit Committee, has proposed the appointment of M/s. A. F. Ferguson & Co., Chartered Accountants as external auditors for the year ending 30th June 2022, at a fee to be mutually agreed. M/s. A. F. Ferguson & Co., Chartered Accountants hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. Approval to this effect will be sought from the shareholders at the forthcoming Annual General Meeting scheduled on 28th October 2021.

COMPLIANCE WITH SECRETARIAL PRACTICES

During the financial year under review, the secretarial and corporate requirements of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 (as applicable) have been duly complied with.

ELECTION OF DIRECTORS

In accordance with the provisions of Section 161 of the Companies Act, 2017, the three years term of the present eight directors elected in the Extra Ordinary General Meeting held in September 2019 will be completed in September 2022. During the year under review, Dr. Shamshad Akhtar had resigned and was replaced by Ms. Zeba Bakhtiar. The casual vacancy was filled within the prescribed timeframe.

RELATED PARTY TRANSACTIONS

In order to comply with the requirements of listing regulations, the Company presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board of Directors in their respective meetings. The details of related party transactions have been provided in note # 36 of the annexed audited unconsolidated financial statements.

ACKNOWLEDGEMENT

The Directors are grateful to the Company's stakeholders for their continuing confidence and patronage. We wish to place on record our appreciation and thanks for the faith and trust reposed by our Business Partners, Bankers & Financial Institutions. We thank the Ministry of Finance, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, the Competition Commission of Pakistan, Central Depository Company of Pakistan and the Management of Pakistan Stock Exchange for their continued support and guidance which has gone a long way in giving present shape to the Company. We acknowledge the hard work put in by employees of the Company during the year. We also appreciate the valuable contribution and active role of the members of the audit and other committees in supporting and guiding the management on matters of great importance.

For and on behalf of the Board

Mr. Arif Habib
Chief Executive

Mr. Asadullah Khawaja
Chairman

Karachi: 29th September 2021

ANNEXURE I

Statement showing shares bought and sold by Directors, CEO, CFO, Company Secretary and their Spouses and Minor Children

From 1st July 2020 to 30th June 2021

Name	Designation	Shares bought	Shares sold	Remarks
Mr. Asadullah Khawaja	Chairman	-	-	-
Mr. Arif Habib	Chief Executive	6,971,000	-	-
Mr. Sirajuddin Cassim	Director	-	-	-
Mr. Nasim Beg	Director	23,000	-	Gift in
Mr. Samad A. Habib	Director	-	-	-
Mr. Kashif A. Habib	Director	-	-	-
Mr. Muhammad Ejaz	Director	-	-	-
Ms. Zeba Bakhtiar	Director (Appointed during the year on casual vacancy)	-	-	-
Dr. Shamshad Akhtar	Former Chairperson (Resigned during the year)	-	-	-
Mr. Mohsin Madni	CFO	-	-	-
Mr. Manzoor Raza	Company Secretary			
Mr. Zohaib Yaqoob	Head of Internal Audit	-	-	-
Mrs. Lubna Khawaja	Spouse of Mr. Asadullah Khawaja	-	-	-
Minor children	-	-	-	-

ANNEXURE II

Statement showing attendance at Board Meetings
From 1st July 2020 to 30th June 2021

Board of Directors	Designation	Total	Eligible to attend	Attended	Leaves Granted	Remarks
Dr. Shamshad Akhtar	Former Chairperson (Resigned during the year)	4	4	4	-	-
Mr. Sirajuddin Cassim	Director	4	4	3	1	-
Ms. Zeba Bakhtiar	Director (Appointed on casual vacancy)	4	-	-	-	-
Mr. Asadullah Khawaja	Chairman (Appointed during the year)	4	4	4	-	-
Mr. Nasim Beg	Director	4	4	4	-	-
Mr. Samad A. Habib	Director	4	4	4	-	-
Mr. Kashif A. Habib	Director	4	4	4	-	-
Mr. Muhammad Ejaz	Director	4	4	2	2	-
Mr. Arif Habib	Chief Executive	4	4	4	-	-

The Board of Directors of the Company has constituted committees both at the Board and Management levels. Most of the Board Committees' members are non-executive directors.

BOARD AUDIT COMMITTEE (BAC)

The committee is responsible for assisting the Board of Directors in discharging its responsibilities primarily in terms of:

- evaluating and reporting financial and non-financial information to shareholders;
- reviewing the system of internal controls and risk management; and
- reviewing the business plan and determining that it reconciles with the Company's vision, mission, corporate strategy & objectives.

Additionally, the committee has the authority to obtain any information it requires from the management and to meet directly with external auditors.

The Board of Directors has determined the terms of reference of the Audit Committee and provides adequate resources and authority to enable the Audit Committee carry out its responsibilities effectively. The Board gives due consideration to the recommendations of the Audit Committee. Among other responsibilities, the terms of reference of the Audit Committee includes the following:

- determination of appropriate measures to safeguard the company's assets
- review of quarterly, half-yearly and annual financial statements of the company
- ensuring coordination between the internal and external auditors of the company
- review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company
- consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto
- ascertaining that the internal control systems are adequate and effective
- determination of compliance with relevant statutory requirements
- monitoring compliance with the best practices of corporate governance and identification of significant violations thereof

Board of Directors	Designation	Total	Eligible to attend	Attended	Leaves Granted	Remarks
Mr. Sirajuddin Cassim	Chairman	4	4	3	1	-
Mr. Kashif A. Habib	Director	4	4	4	-	-
Mr. Muhammad Ejaz	Director	4	4	3	1	-

The Internal Audit Department is headed by Mr. Razi Haider, ACA, having the requisite qualification and the relevant experience to execute the duties of the department in line with the Internal Audit Charter.

Human Resource and Remuneration Committee (HR&RC)

The responsibilities of the Committee include recommendation of human resource management policies to the Board, along with the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO, CFO, Company Secretary and Head of Internal Audit to the Board. It also considers and approves recommendations of the CEO on matters of key management positions who report directly to CEO.

THE HR&RC is committed to develop and take decisions on Human Resource strategy and policy. The Committee meets at least once in every six months. During the financial year under review, the Committee met three times.

The terms of reference of HR&RC provides an overview of the Committee and outlines the Committee's composition and responsibilities. The document also includes recommendation on human resource management, organizational development, training and development matters, management succession, and continuous review of compensation and benefit policies and assessment of corporate culture.

Board of Directors	Designation	Total	Eligible to attend	Attended	Leaves Granted	Remarks
Mr. Sirajuddin Cassim	Chairman	3	3	3	-	-
Mr. Nasim Beg	Director	3	3	3	-	-
Mr. Kashif A. Habib	Director	3	3	3	-	-
Mr. Arif Habib	Chief Executive	3	3	3	-	-

Investments & Projects Diversification Committee (IPDC)

The committee is responsible for assisting the Board of Directors in discharging its responsibilities primarily with regard to:

- Reviewing new investment opportunities keeping in view various factors including risk, return, diversification and growth;
- Continuous monitoring of the investments already made and recommending corrective strategies, if required; and
- Reviewing the Key assumptions used by the management of investee companies to determine Fair values of strategic investments.

The committee on a required/ directed basis to discharge its responsibilities and regularly reports to the Board. During the year under review, five meetings were held.

Board of Directors	Designation	Total	Eligible to attend	Attended	Leaves Granted	Remarks
Mr. Arif Habib	Chief Executive	5	5	5	-	-
Mr. Nasim Beg	Director	5	5	5	-	-
Mr. Samad A. Habib	Director	5	5	5	-	-
Mr. Kashif A. Habib	Director	5	5	5	-	-

MANAGEMENT COMMITTEES

EXECUTIVE COMMITTEE ON RISK MANAGEMENT (ECRM)

ECRM is headed by the Chief Executive of the Company and includes Group executives. The purpose of the committee is to assist the Board of Directors in developing and continuous monitoring of risk management policies and other business related matters.

The terms of reference of the ECRM are to assist Board of Directors in developing, reviewing and approving risk management policies, instituting special projects and reviewing the adequacy of operational, administration and financial controls. ECRM meets on required/directed basis.

EXECUTIVE COMMITTEE ON HUMAN RESOURCE (ECHR)

The objective of ECHR is to review, monitor and make recommendations to the HR&RC to oversee the Company's compensation and benefits policies generally, evaluate executive officer performance and review the Company's management succession plan and set compensation for the Company's executive officers. The ECHR is committed to develop and make decisions on Human Resource strategy and policy. The ECHR meets on the advice of the Chairman and/or on the request of the members.

ANNEXURE III

Pattern of Shareholding (Symbol : AHCL)

Categories of Shareholders as at 30th June 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	14	329,303,461	80.64
Associated Companies, undertakings and related parties	5	11,183,560	2.74
NIT & ICP	1	724,292	0.18
Banks Development Financial Institutions, Non Banking Financial Institutions.	3	307,606	0.08
Insurance Companies	4	3,579,669	0.88
Modarabas and Mutual Funds	-	-	-
General Public - Local	3,272	34,765,105	8.51
General Public - Foreign	1	29	0.00
Others	56	28,511,278	6.98
Total	**3,356**	**408,375,000**	**100**

PATTERN OF SHAREHOLDING
(SYMBOL : AHCL)

Categories of Shareholders as at 30th June 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Muhammad Arif Habib	2	328,920,967	80.54
Sirajuddin Cassim	1	229,893	0.06
Asadullah Khawaja / Lubna Khawaja	3	81,006	0.02
Mohammad Kashif	1	35,290	0.01
Nasim Beg / Zari Beg	3	25,078	0.01
Abdus Samad	1	1,006	0.00
Muhammad Ejaz	1	121	0.00
Zeba Bakhtiar	1	100	0.00
Lubna Khawaja	1	10,000	0.00
Associated Companies, undertakings and related parties			
Sharmin Shahid	1	8,674,000	2.12
Nida Ahsan	1	2,379,500	0.58
Tasnim Beg	1	105,000	0.03
Abdul Rahim Khawaja	1	25,000	0.01
Muhammad Shahzad	1	60	0.00
NIT & ICP	1	724,292	0.18
Banks Development Financial Institutions, Non Banking Financial Institutions.	3	307,606	0.08
Insurance Companies	4	3,579,669	0.88
Modarabas and Mutual Funds	-	-	-
General Public			
a. Local	3,272	34,765,105	8.51
b. Foreign	1	29	0.00
Others	56	28,511,278	6.98
Total	**3,356**	**408,375,000**	**100.00**

Shareholders holding 10% or more	Shares Held	Percentage
Muhammad Arif Habib	328,920,967	80.54

PATTERN OF SHAREHOLDING
(SYMBOL : AHCL)

As of June 30, 2021

No. of Shareholders	Share holdings' Slab			Total Shares Held
735	1	to	100	18,321
697	101	to	500	210,921
502	501	to	1,000	398,042
875	1,001	to	5,000	2,087,959
205	5,001	to	10,000	1,533,919
88	10,001	to	15,000	1,092,590
229	15,001	to	500,000	16,689,214
21	500,001	to	5,870,000	41,937,993
1	5,870,001	to	6,815,000	6,811,074
1	6,815,001	to	8,675,000	8,674,000
1	8,675,001	to	76,755,000	76,750,967
1	76,755,001	to	252,170,000	252,170,000
3,356				**408,375,000**

GROUP & ASSOCIATED COMPANIES

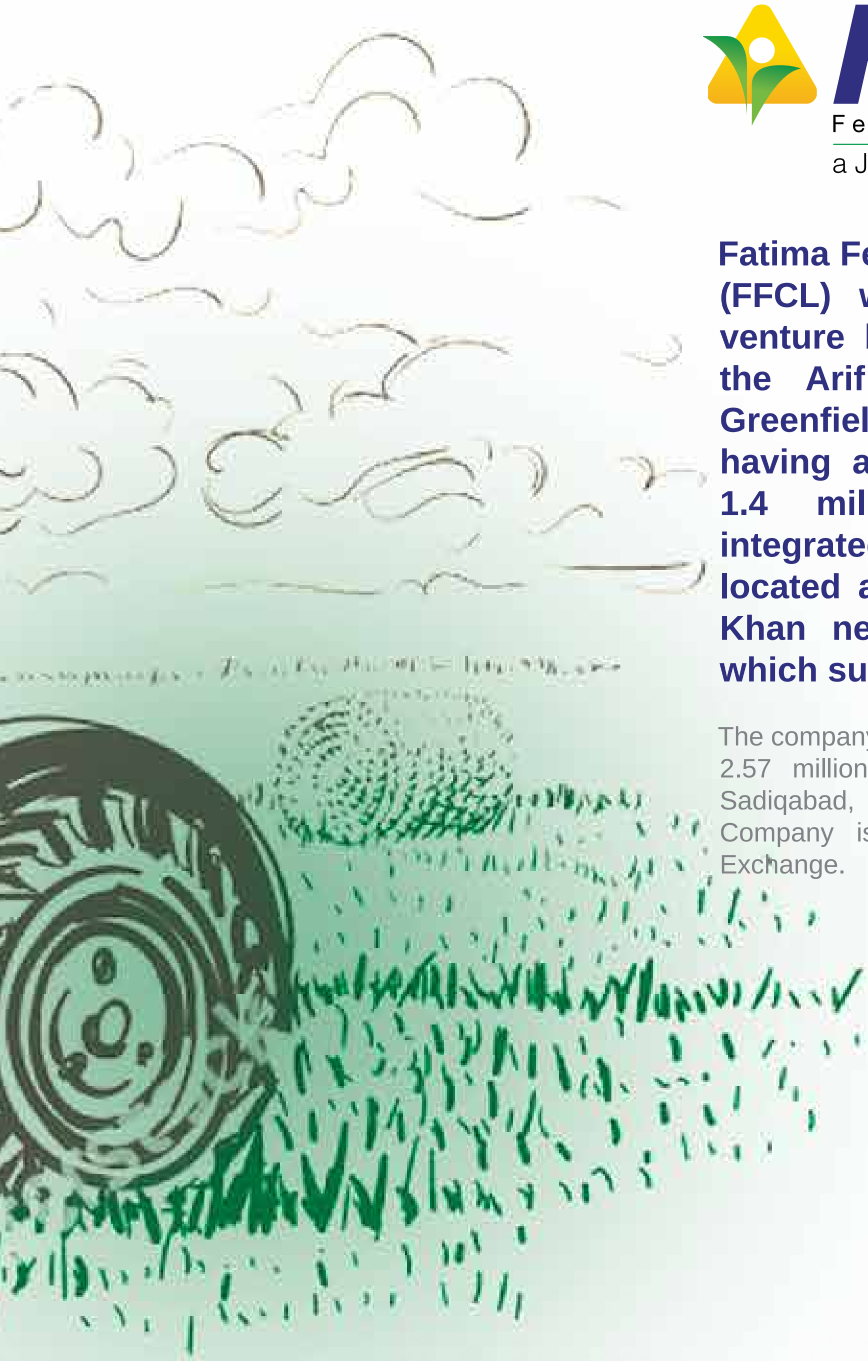
Pakarab Fertilizers Limited (PAFL) was acquired by a consortium of Arif Habib Group and Fatima Group in 2005 under the Government of Pakistan's privatization programme.

PAFL was principally engaged in the manufacturing and sale of chemical. The plant had undergone extensive modernisation and improved processes were introduced to maximise the output, while minimising the negative impacts on the environment. The company became the first Pakistani company to earn and sell Carbon Credits in the international market.

Fatima Fertilizer Company Limited has acquired manufacturing business of fertilizer and plants of PAFL pursuant to an agreement between Fatima Fertilizer Company Limited and Pakarab Fertilizers Limited.

The site area of PAFL comprises of 302 acres, which includes area for the factory and the housing colony with all amenities including medical centre, school, management and staff clubs for recreation of employees and their families.

Fatima
Fertilizer Company Limited
a JV of Fatima and Arif Habib Groups



Fatima Fertilizer Company Limited (FFCL) was set up as a joint venture between the Fatima and the Arif Habib Groups, as a Greenfield fertiliser complex, having a production capacity of 1.4 million tonnes, a fully integrated production facility located at Sadiqabad, Rahim Yar Khan near the Mari Gas Field, which supplies its feed-stock.

The company now has a total annual capacity of 2.57 million tonnes consisting of plants at Sadiqabad, Shaikhapura and Multan. The Company is listed on the Pakistan Stock Exchange.

Arif Habib Limited (AHL) took over the Group's securities brokerage business in 2005 and has since then raised the flag even higher. AHL is one of the largest listed securities brokerage and investment banking firms in Pakistan that has won accolades both in Pakistan and abroad from reputed ranking firms such as The Asset, Asiamoney, Global Capital, CFA Society and others over the years.

Pakistan Stock Exchange (PSX) has also recognized AHL's prominence by conferring the "Top 25 Companies Award" in 2020 (which is the 8th in the past decade). The firm offers financial services in the domains of equity, fixed income, money market & forex brokerage, investment banking corporate advisory services. AHL holds significant market share in brokerage and investment banking segments and enjoys a strong relationship with top international financial institutions. Besides Equity market, AHL offers Commodities Brokerage through its wholly owned subsidiary, Arif Habib Commodities Limited providing commodities futures brokerage services.

MCB-ARIF HABIB
Savings and Investments Limited

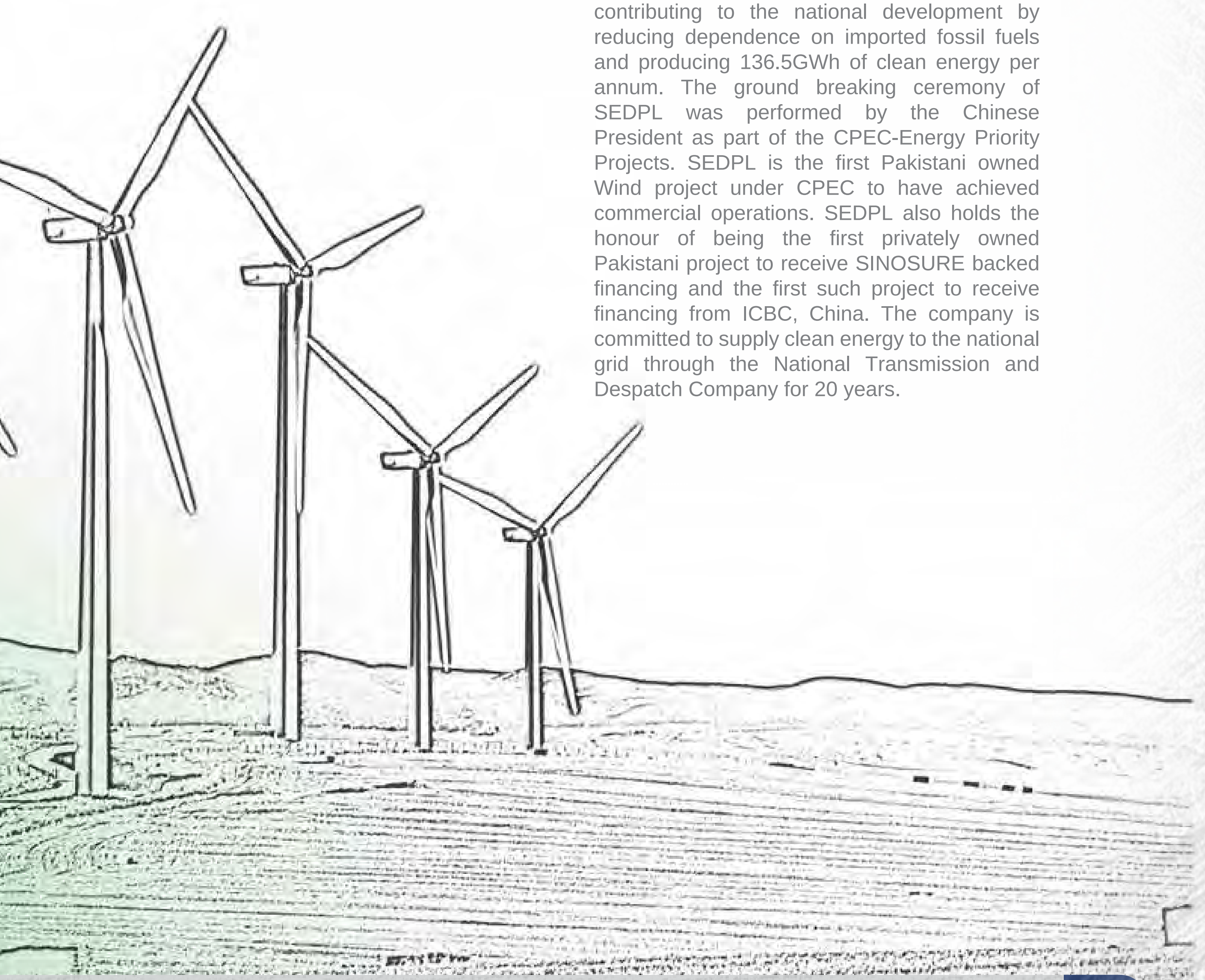
MCB-Arif Habib Savings and Investments Limited (MCBAH) is an Asset Management, Investment Advisory and Pension Fund Management Company in a joint venture with MCB Bank.

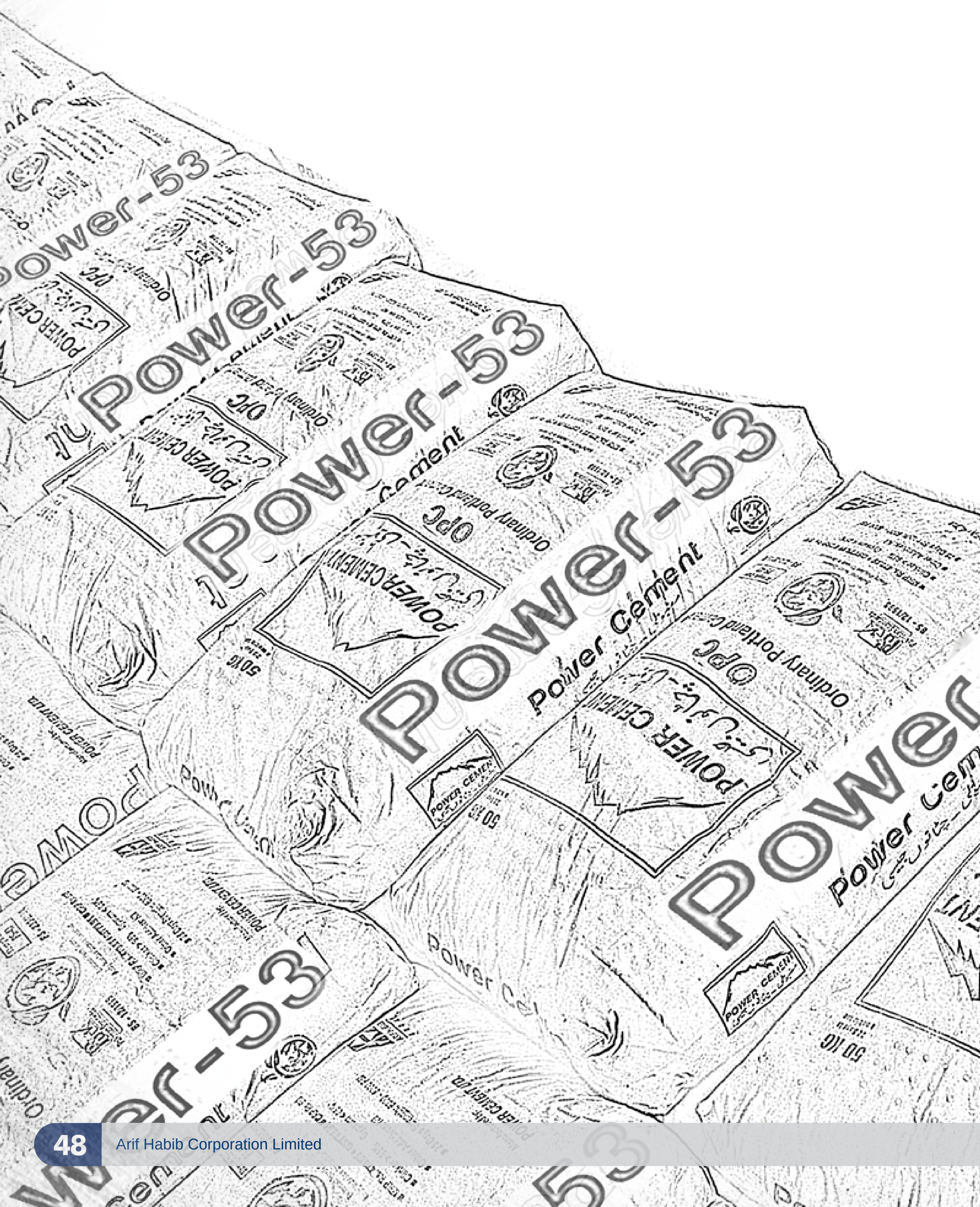
It manages Open-end Mutual Funds, Pension Funds as well as Discretionary and Non-discretionary Portfolios for institutional and individual clients. MCBAH has been an industry leader, known for setting international standards of international best practices in delivering its fiduciary responsibilities and in bringing innovative products to market, including the use of technology in creating innovative distribution channels. As of 30^{th} June 2021, it had PKR 155.40 billion under management. The company is listed on the Pakistan Stock Exchange.

SACHAL ENERGY DEVELOPMENT

Sachal Energy Development (Pvt.) Limited (SEDPL) has commissioned and operates a 50 MW wind farm at Jhimpir, Sindh.

The Group believes that alternate sources of energy are the way forward. SEDPL is contributing to the national development by reducing dependence on imported fossil fuels and producing 136.5GWh of clean energy per annum. The ground breaking ceremony of SEDPL was performed by the Chinese President as part of the CPEC-Energy Priority Projects. SEDPL is the first Pakistani owned Wind project under CPEC to have achieved commercial operations. SEDPL also holds the honour of being the first privately owned Pakistani project to receive SINOSURE backed financing and the first such project to receive financing from ICBC, China. The company is committed to supply clean energy to the national grid through the National Transmission and Despatch Company for 20 years.

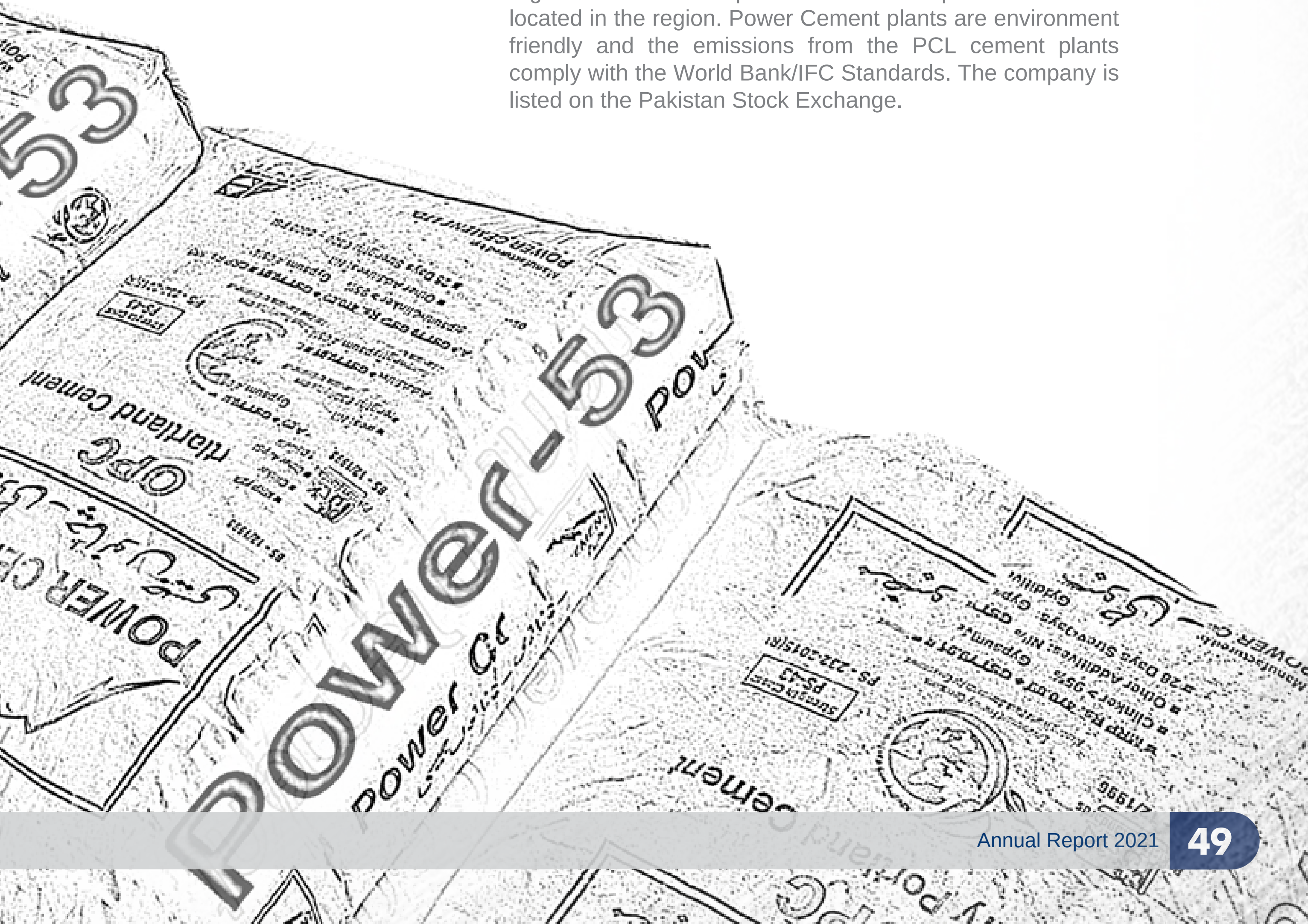


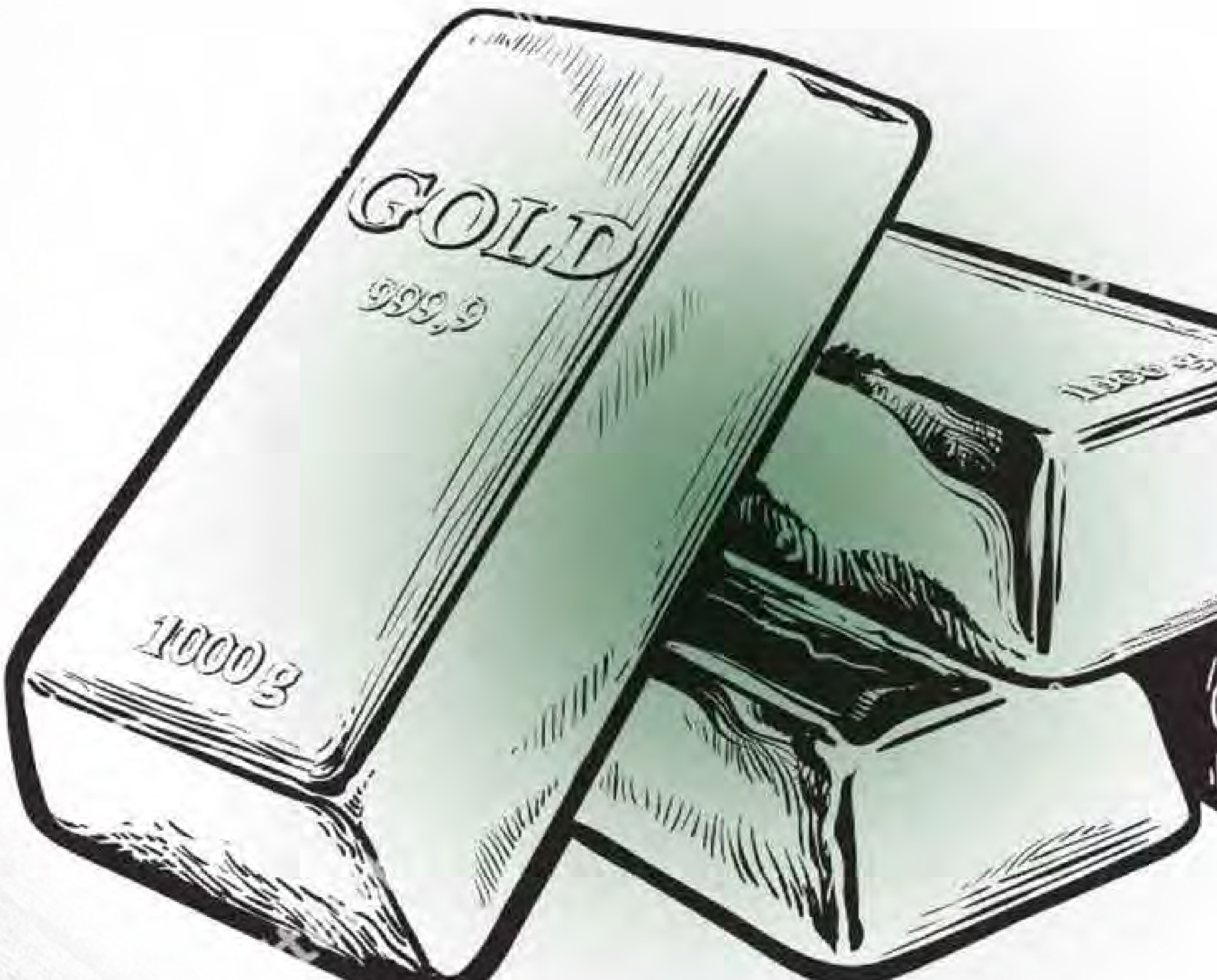

Power-53
Power Cement
OPC
POWER CEMENT
50 KG

POWER CEMENT
مضبوطی ۔ چٹانوں جیسی

Power Cement Limited (PCL) is engaged in the manufacturing and sale of cement complying with Pakistan's as well as the European Standards.

The plant is situated on M-9 Motorway in Nooriabad Industrial Area, Jamshoro, Sindh. In addition to two existing production lines having total production capacity of 900,000 tons clinker per annum, PCL has installed a third line having production capacity of 7,700 tpd clinker production and 8,500 tpd cement grinding. The new integrated cement plant has been supplied by FLSmidth, Denmark with the state of the art proven European technology. With a production capacity of 3.40 million tons per annum PCL is the second largest cement producer in the South. Power Cement's primary target is the domestic market as it caters to the Southern region of Pakistan. Its products are also exported to markets located in the region. Power Cement plants are environment friendly and the emissions from the PCL cement plants comply with the World Bank/IFC Standards. The company is listed on the Pakistan Stock Exchange.

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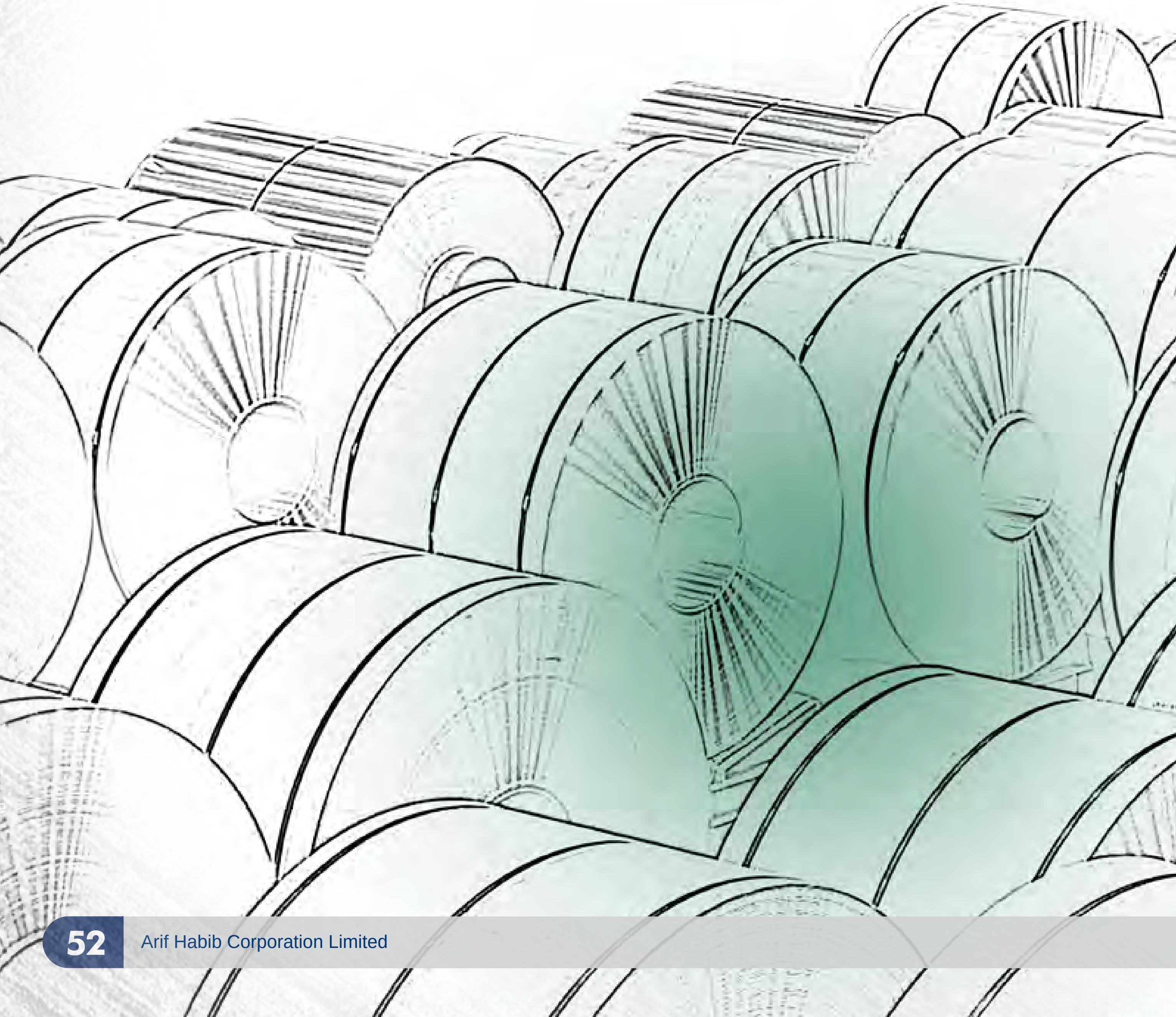
Arif Habib Commodities is a member of the Pakistan Mercantile Exchange (PEMEX) and provides a wide range of services to a diversified client base that includes corporations, financial institutions, and high-net-worth individuals.

The company is committed to establishing a strong name for itself in commodity market research and commodity brokerage services of Pakistan Mercantile Exchange, Arif Habib Commodities, with a professional team provides premier services for investors with around the clock services. The Company is committed to serve the national goal of providing a trading platform for agricultural commodities, as agriculture is Pakistan's economy's backbone. In this context, it has played a pioneering role of acting as a market maker of produce such as red chilies and is actively engaged with a not-for-profit entity working on bringing more agricultural crops on to the Exchange. The Company has been ranked a top broker by the PMEX several times and serves PMEX's largest client base.



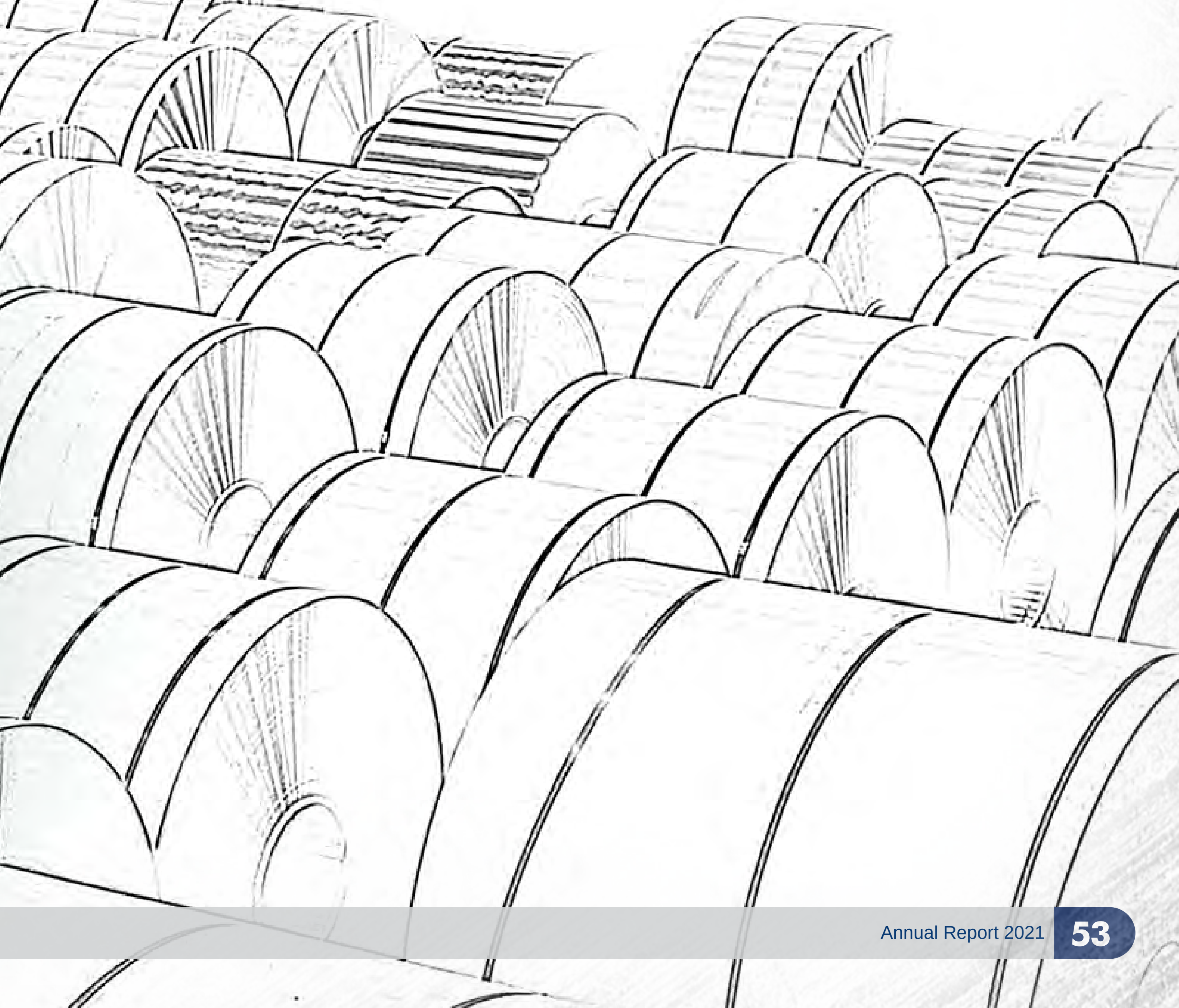
AISHA STEEL MILLS LIMITED

SHAPING THE ECONOMY

Aisha Steel Mills Limited (ASML), a listed entity, is one of the largest private sector investments in the value added flat-rolled steel industry in Pakistan.

ASML started its commercial operation in 2012 and a manufacturer of Flat Rolled Steel – Cold Rolled and Hot Dipped Galvanized coils located in Port Qasim, Karachi- the most suitable plant location for export markets. The name plate production capacity is 700,000 metric tons.

It is the only Cold Rolled Coil (CRC) and Galvanized Coil (GI) manufacturer which is using brand new Japanese, Germany and Austrian machinery for CRC, and SMS equipment for GI production, ensuring the best quality of CRC & GI for its customers

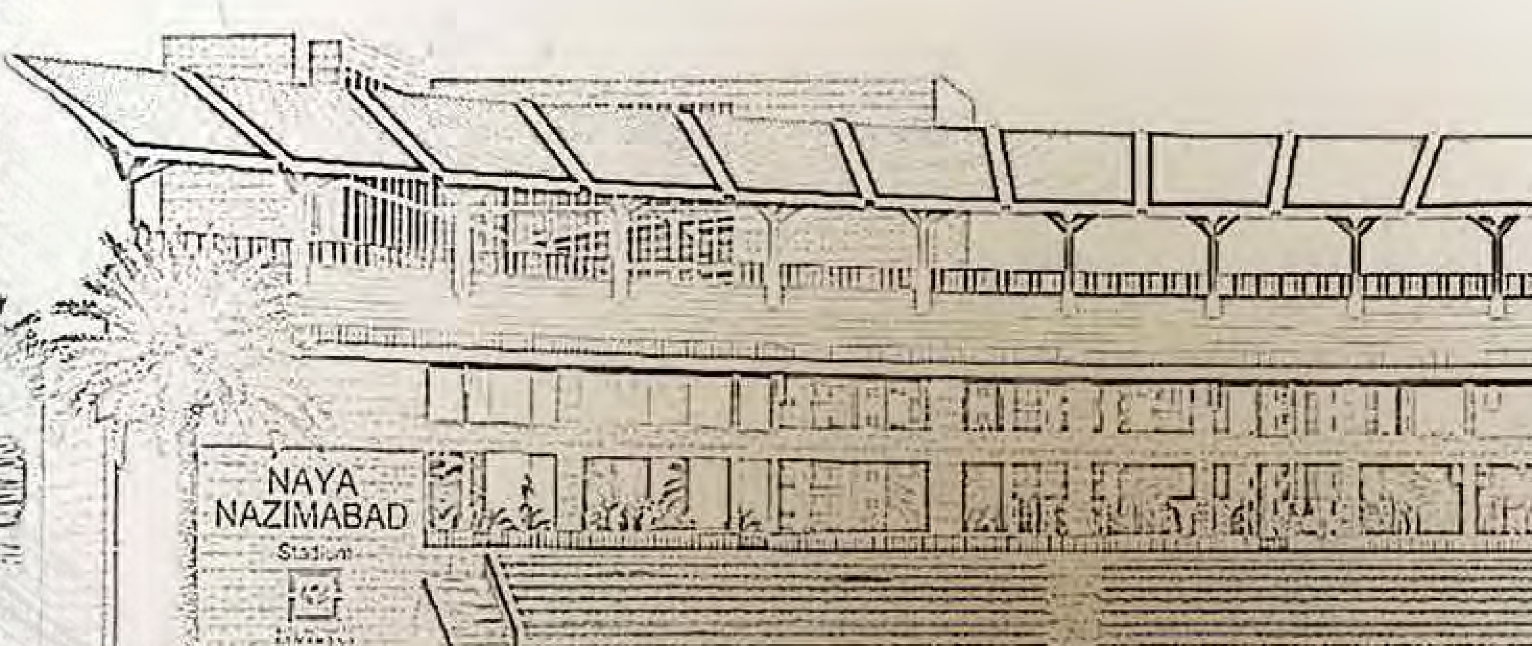


ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED

Arif Habib Dolmen REIT Management Limited (AHDRML); a joint venture between the Arif Habib Group and the Dolmen Group, was incorporated as a public limited company (non-listed) in 2009 and registered under NBFC Rules with the Securities and Exchange Commission of Pakistan (SECP).

The objective of the company is to provide 360 degree real estate advisory, launch and manage Real Estate Investment Trusts (REITs) on carefully selected and commercially viable properties, with the aim of bringing real estate investment within the reach of common investors. The company launched South Asia's first listed REIT– Dolmen City REIT in June 2015 and Pakistan's first Devlopmental REIT in 2021 with many other REITs in the pipeline.

AHDRML combines the expertise of two leading groups, bringing together strengths in finance, investment management, property development and complete property management. Leveraging our unique combination of group strengths, first hand industry experience, in-house expertise and close cooperation with real estate experts; our real estate advisory services support our clients throughout their property life cycle from negotiation and acquisition, highest and best use analysis, development recommendations, architect brief, and design evaluation, through to fund raising and execution.


NAYA
NAZIMABAD
Stadium

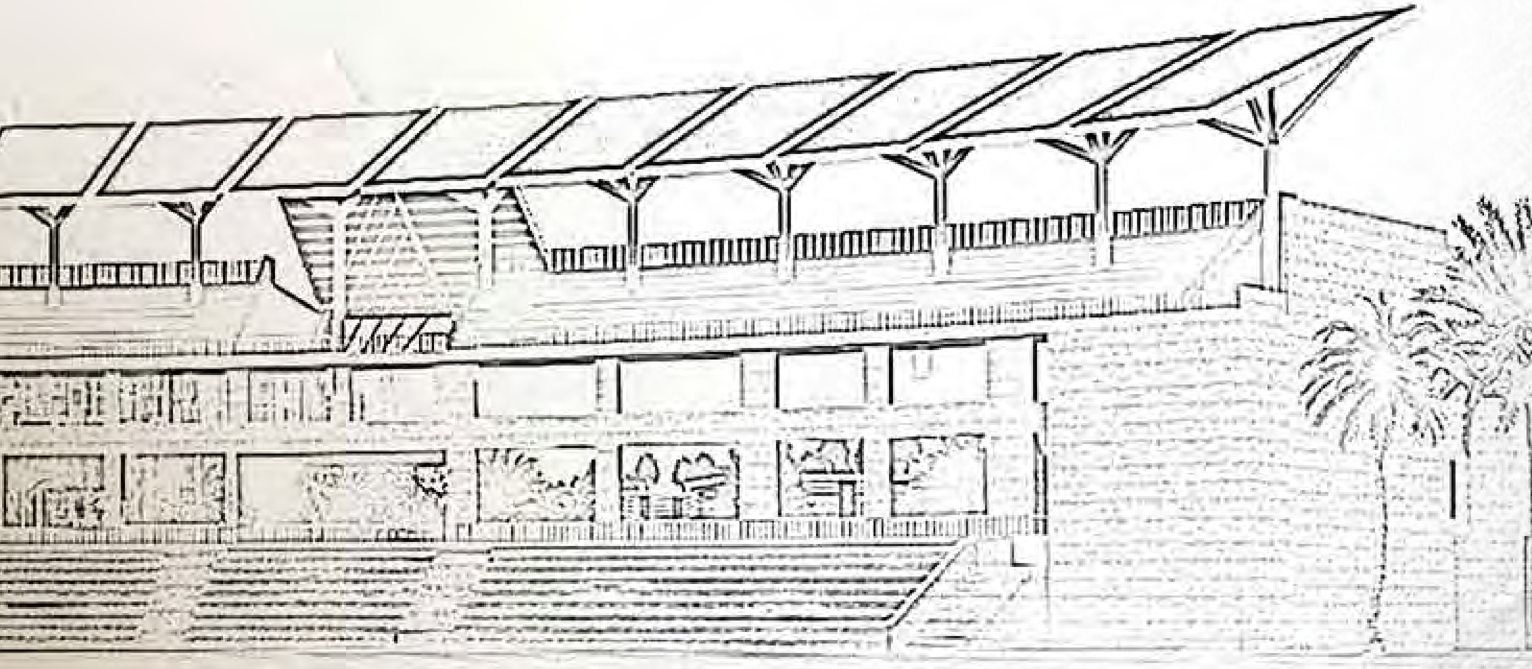
JAVEDAN
CORPORATION LIMITED

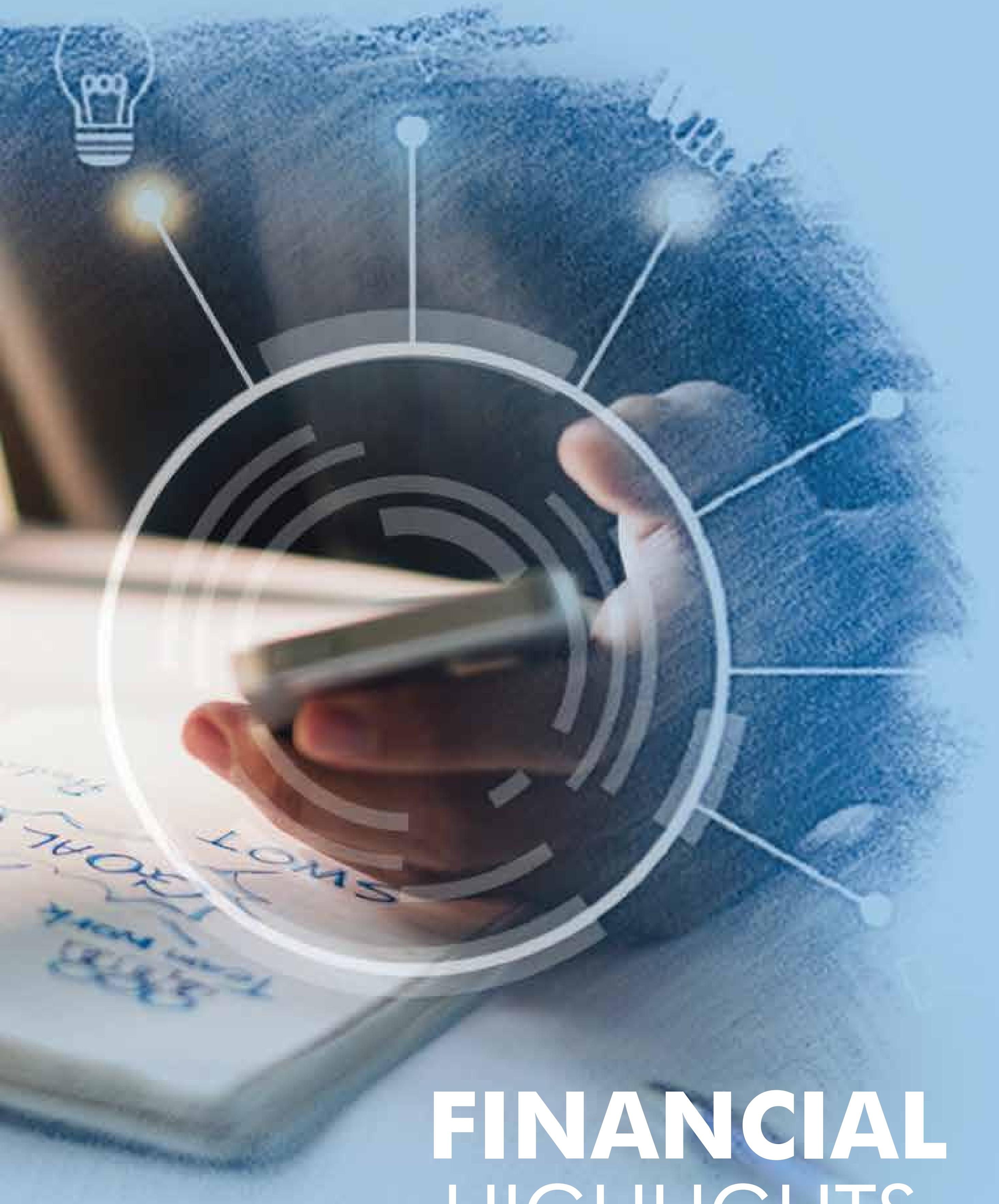
The Arif Habib Group has a significant stake in Javedan Corporation Limited (JCL) which commenced its operations as a cement manufacturing plant back in 1960.

As the city limits grew to envelop the plant and it was surrounded by a dense residential area, environmental concerns led to the group dismantling the cement plant and launching a housing society by the name and style of Naya Nazimabad. Naya Nazimabad over the period has become a master piece in the centre of city and has provided an unmatched lifestyle to its residents. It has indeed become a Mark of Pride for the city of Karachi. Spread over 1,366 acres and located just 2km from Sakhi Hasan, North Nazimabad, Naya Nazimabad has significantly contributed in upliftment of surrounding areas and the Group going forward envisions providing opportunities to people to completely transform the overall adjoining areas/kachi abadi.

Being the only completely owned real estate development of its time, the design includes a host of amenities such as an international standard cricket ground which has been host to several tournaments, football ground, basketball ground (all with academies) and extensive green areas with award winning tree plantation. Further facilities such as one of the largest mosques, with a pillar-less prayer hall, in the subcontinent (nearing completion), educational facilities, medical centre and hospital, and the largest singular commercial precinct of its magnitude are in various stages of planning or construction.

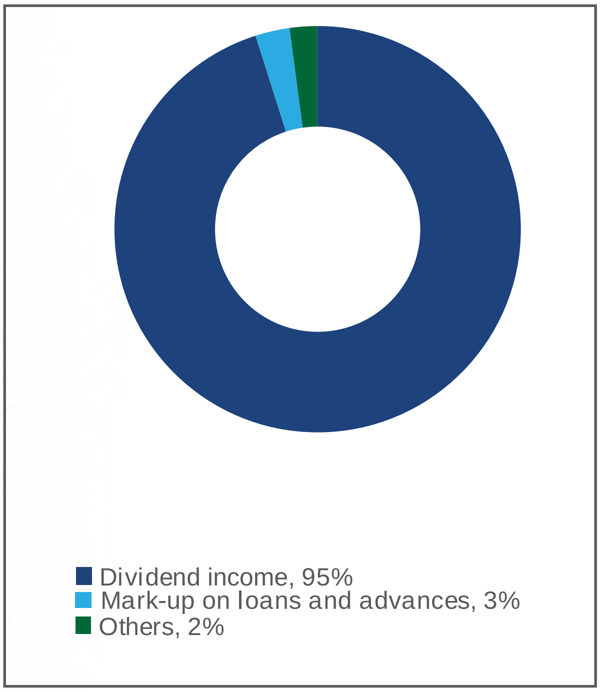
With the number of residents moving into their new homes, and a large number of houses under construction and approval stages Naya Nazimabad is fast transforming from a developing area to bustling community enjoying the enhanced standard of living offered nowhere else within the thickly populated city area. Naya Nazimabad is poised to launch its apartments, commercial sites and Naya Nazimabad Gymkhana Club House.

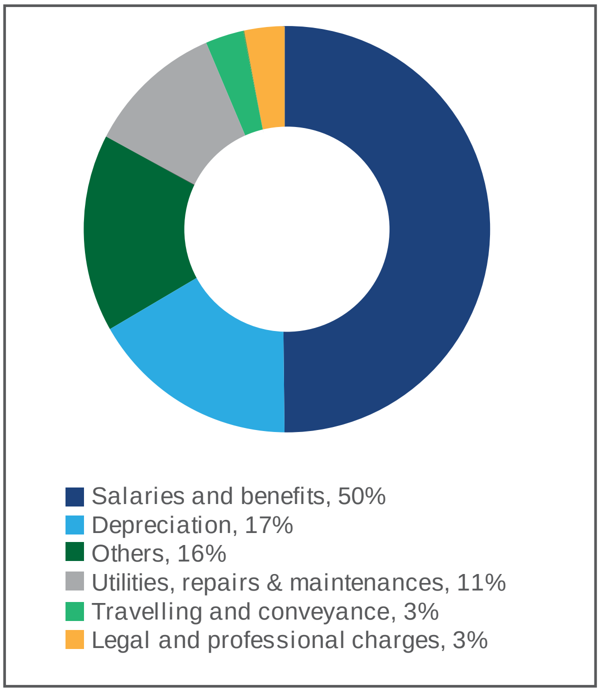


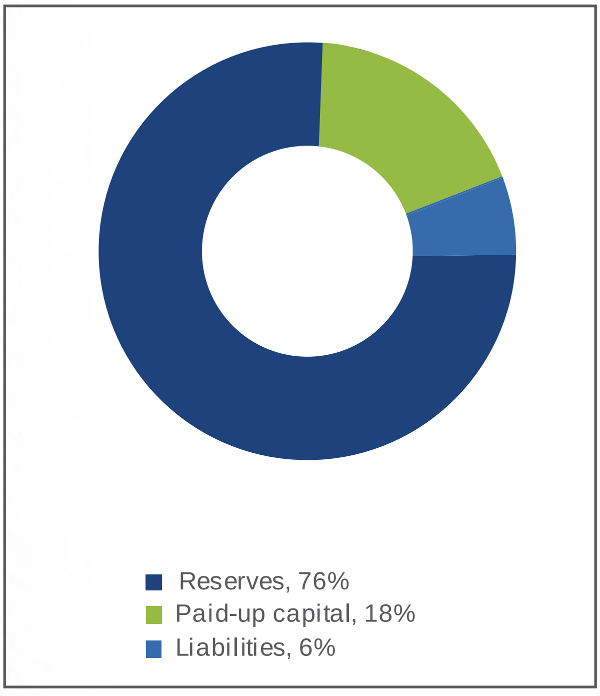


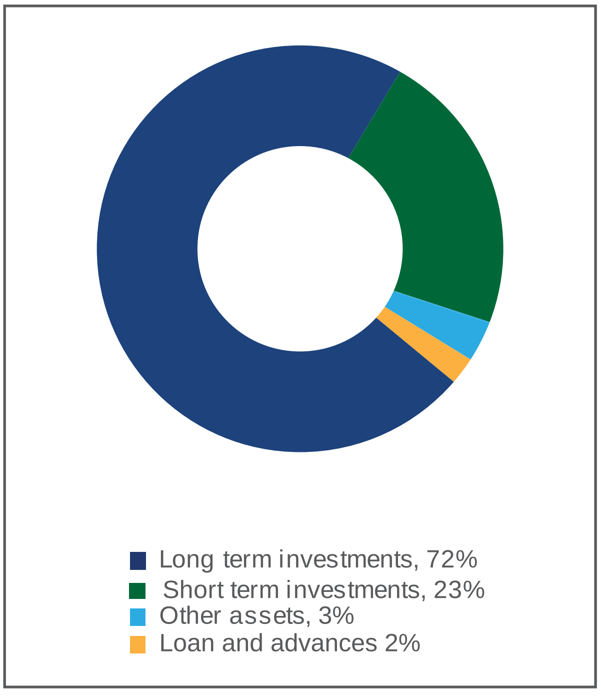
FINANCIAL HIGHLIGHTS

AHCL 2021
AT A GLANCE









KEY FIGURES & HIGHLIGHTS

ON CONSOLIDATED BASIS

Item	2021	2020	2019
Operating Revenue (Rs. in million)	5,523.60	5,048.65	4,358.03
Profit after Tax (Rs. in million)	8,395.32	2,916.71	259.96
EBITDA (Rs. in million)	11,049.55	5,777.23	2,711.24
Earnings per Share (Rs.)	18.33	6.39	0.34
Total Assets (Rs. in million)	49,767.09	43,720.92	47,908.18
Total Equity (Rs. in million)	32,890.89	25,362.30	23,306.00
Equity Attributable to Owners of the Parent Company (Rs. in million)	30,005.32	23,275.58	21,528.78
Net Book Value per Share (Rs.)	80.54	62.11	51.36

ON UNCONSOLIDATED BASIS

Item	2021	2020	2019
Operating Revenue (Rs. in million)	1,093.22	870.42	1,033.86
Profit / (loss) after Tax (Rs. in million)	3,874.06	(569.88)	(963.84)
EBITDA (Rs. in million)	4,336.90	(227.81)	(724.29)
Earnings / (Loss) per Share (Rs.)	9.49	(1.38)	(2.12)
Total Assets (Rs. in million)	22,764.01	18,978.03	26,708.57
Total Equity (Rs. in million)	21,364.54	18,103.04	19,877.95
Net Book Value per Share (Rs.)	52.32	44.33	43.81
Market Capitalization (Rs. in million)	16,347.25	12,251.25	11,212.16

FINANCIAL & BUSINESS HIGHLIGHTS

Six Years at a Glance

Year ended 30th June	2021	2020	2019	2018	2017	2016
Profit and Loss Account (Rs. in million)						
Operating Revenue	**1,093.22**	870.42	1,033.86	1,409.39	1,483.00	560.37
Realised and unrealised gain / (loss) on investments	**3,393.58**	(1,001.07)	(1,657.28)	(237.14)	801.77	1,415.92
Operating & administrative expenses and other charges	**(170.61)**	(115.51)	(126.57)	(118.03)	(144.25)	(133.36)
Other income	**0.97**	0.19	20.25	10.35	388.81	3.08
Finance cost	**(20.63)**	(195.85)	(172.04)	(116.46)	(148.34)	(277.67)
Operating profit	**4,316.20**	(246.16)	(749.99)	1,054.22	2,140.52	1,842.94
Profit before tax	**4,296.54**	(441.81)	(901.79)	948.12	2,381.00	1,568.35
Profit after tax	**3,874.06**	(569.88)	(963.84)	820.99	2,391.37	1,281.12
EBITDA	**4,336.90**	(227.81)	(724.29)	1,071.13	2,537.26	1,854.34
Balance Sheet (Rs. in million)						
Share capital	**4,083.75**	4,083.75	4,537.50	4,537.50	4,537.50	4,537.50
Reserves	**17,280.79**	14,019.29	15,340.45	25,365.96	25,931.98	24,525.53
Property and equipment	**61.04**	61.59	25.27	30.32	36.59	43.44
Long term investments	**16,321.39**	15,325.67	16,403.15	27,572.49	28,128.15	28,810.29
Current assets	**6,243.04**	3,453.26	10,114.25	11,158.05	7,574.49	6,261.88
Current liabilities	**1,140.57**	759.12	6,830.62	6,363.88	4,374.72	4,929.69
Non-Current liabilities	**258.90**	115.86	-	2,678.37	2,890.81	2,771.72
Total assets	**22,764.01**	18,978.03	26,708.57	38,945.71	37,735.01	36,764.44
Total liabilities	**1,399.47**	874.99	6,830.62	9,042.24	7,265.53	7,701.41
Performance						
Return on equity (%)	**19.63%**	-3.00%	-3.87%	2.72%	8.03%	4.38%
Return on Assets (%)	**18.56%**	-2.49%	-2.94%	2.14%	6.42%	3.36%
Return on capital employed (%)	**19.97%**	-1.35%	-3.67%	3.27%	7.58%	5.80%
Income/ expense ratio (x)	**26.30**	(1.13)	(4.93)	9.93	10.28	4.20
Earning Asset/Total Asset Ratio (%)	**99.59%**	96.14%	99.57%	99.79%	99.35%	99.35%
Break-up value (PKR)	**52.32**	44.33	43.81	65.90	67.15	64.05
Leverage						
Total liabilities to equity ratio (%)	**6.55%**	4.83%	34.36%	30.24%	23.85%	26.50%
Cost of debt (%)	**9.00%**	14.47%	9.34%	8.08%	10.18%	9.05%
Long term debt to equity ratio (%)	**1.21%**	0.64%	-	1.09%	1.49%	0.51%
Interest cover ratio (x)	**209.29**	(1.26)	(4.24)	9.14	17.05	6.65

Year ended 30th June	2021	2020	2019	2018	2017	2016
Liquidity						
Current ratio (x)	**5.47**	4.55	1.48	1.75	1.73	1.27
Cash to current liabilities (%)	**0.26**	4.64%	6.25%	0.70%	0.89%	0.51%
Valuation						
Price earning ratio (x)	**4.22**	(21.75)	(11.63)	19.15	7.82	13.97
Break-up value per share (PKR)	**52.32**	44.33	43.81	65.90	67.15	64.05
Cash dividend per share (PKR)	**3.00**	1.50	-	2.00	3.00	2.50
Dividend Declared (%)	**30.00%**	15.00%	0.00%	20.00%	30.00%	25.00%
Dividend yield (%)	**7.49%**	5.00%	0.00%	5.77%	7.28%	6.34%
Dividend payout ratio (%)	**31.62%**	(107%)	0.00%	110.54%	56.92%	88.55%
Dividend cover ratio (x)	**3.16**	(0.93)	-	0.90	1.76	1.13
Market value per share (end of year) (PKR)	**40.03**	30.00	24.71	34.64	41.23	39.45
High (during the year) (PKR)	**46.62**	36.25	37.80	41.99	49.70	64.55
Low (during the year) (PKR)	**29.11**	19.01	18.52	31.36	35.74	36.00
Earnings Per Share (PKR)	**9.49**	(1.38)	(2.12)	1.81	5.27	2.82
*Proposed						
Shareholders' Return						
Arif Habib Corporation Limited - annual total return (%)	**38.30%**	21.41%	-23.50%	-5.51%	11.28%	-20.01%
Karachi Stock Exchange 100 Index - annual return (%)	**37.60%**	1.53%	-19.10%	-6.17%	22.90%	10.00%
Shareholders' return differential: AHSL-KSE-100 Index (%)	**0.70%**	19.88%	-4.40%	0.66%	-11.62%	-30.01%

Graph for the year ended on 30th June 2021

HORIZONTAL ANALYSIS OF
FINANCIAL STATEMENTS

	2021	% ▲YoY 2021-20	2020	% ▲YoY 2020-19	2019	% ▲YoY 2019-18
	Rupees in million		Rupees in million		Rupees in million	
Balance Sheet						
Total equity	**21,364.54**	18.02	18,103.04	(8.93)	19,877.95	(33.53)
Total non-current liabilities	**258.90**	123.45	115.86	100.00	-	(100.00)
Total current liabilities	**1,140.57**	50.25	759.12	(88.89)	6,830.62	7.33
Total equity and liabilities	**22,764.01**	19.95	18,978.03	(28.94)	26,708.57	(31.42)
Total non-current assets	**16,520.97**	6.42	15,524.77	(6.45)	16,594.31	(40.28)
Total current assets	**6,243.04**	80.79	3,453.26	(65.86)	10,114.25	(9.35)
Total assets	**22,764.01**	19.95	18,978.03	(28.94)	26,708.57	(31.42)
Profit and Loss Account						
Operating Revenue	**1,093.22**	25.60	870.42	(15.81)	1,033.86	(26.65)
Gain / (loss) on sale of securities - net	**204.62**	(68.34)	646.38	910.80	63.95	18.25
Gain / (loss) on remeasurement of investments - net	**3,188.97**	(293.57)	(1,647.45)	(4.29)	(1,721.23)	491.04
Unrealised gain on remeasurement of investment property	**-**	-	-	-	-	-
Administrative expenses	**(120.14)**	4.25	(115.25)	12.44	(102.49)	(3.50)
Impairment reversal / (loss) on investments	**-**	-	-	-	-	-
Other incomes / (charges) - net	**(49.50)**	74,318.28	(0.07)	(98.26)	(3.83)	162.38
Finance cost	**(20.63)**	(89.47)	(195.85)	13.84	(172.04)	47.73
Profit / (loss) before tax	**4,296.54**	(1,072.48)	(441.811)	(51.01)	(901.79)	(195.11)
Taxation	**(422.48)**	229.90	(128.06)	106.38	(62.05)	(51.19)
Profit / (loss) after tax	**3,874.06**	(779.81)	(569.88)	(40.87)	(963.84)	(217.40)

	2018	%▲YoY 2018-17	2017	%▲YoY 2017-16	2016	%▲YoY 2016-15
Balance Sheet	Rupees in million		Rupees in million		Rupees in million	
Total equity	29,903.46	(1.86)	30,469.48	4.84	29,063.03	(1.30)
Total non-current liabilities	2,678.37	(7.35)	2,890.81	4.30	2,771.72	(36.70)
Total current liabilities	6,363.88	45.47	4,374.72	(11.26)	4,929.69	(14.61)
Total equity and liabilities	38,945.71	3.21	37,735.01	2.64	36,764.44	(7.15)
Total non-current assets	27,787.66	(7.87)	30,160.52	(1.12)	30,502.56	(9.86)
Total current assets	11,158.05	47.31	7,574.49	20.96	6,261.88	8.75
Total assets	38,945.71	3.21	37,735.01	2.64	36,764.44	(7.15)
Profit and Loss Account						
Operating Revenue	1,409.39	(4.96)	1,483.00	164.64	560.37	(62.38)
Gain on sale of securities - net	54.08	(92.46)	717.13	(53.18)	1,531.72	3,131.91
Gain / (loss) on remeasurement of investments - net	(291.22)	11.16	(261.98)	(56.41)	(601.02)	(116.22)
Unrealised gain on remeasurement of investment property	-	(100.00)	346.62	100.00	485.21	100.00
Administrative expenses	(106.21)	(9.01)	(116.73)	(0.24)	(117.01)	(18.35)
Impairment reversal / (loss) on investments	-	-	-	-	-	(100.00)
Other incomes / (charges) - net	(1.46)	(100.40)	361.29	(2,822.49)	(13.27)	(92.77)
Finance cost	(116.46)	(21.49)	(148.34)	(46.58)	(277.67)	14.92
Profit / (loss) before tax	948.12	(60.18)	2,381.00	51.82	1,568.35	(63.05)
Taxation	(127.13)	(1,326.04)	10.37	(103.61)	(287.22)	(248.30)
Profit / (loss) after tax	820.99	(65.67)	2,391.37	57.65	1,281.12	(71.14)

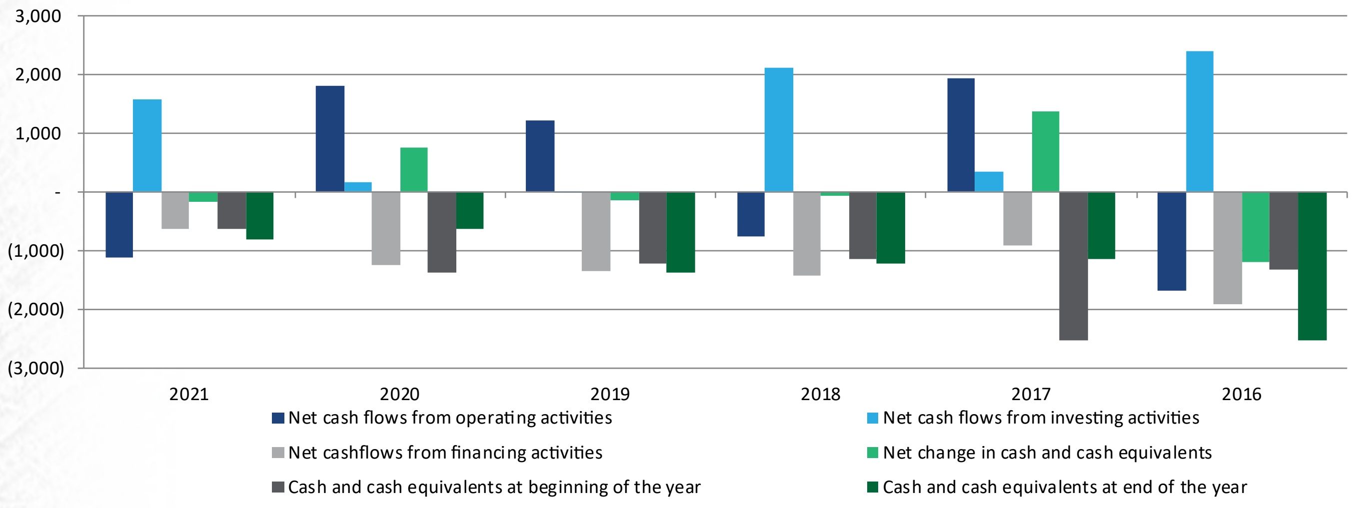
VERTICAL ANALYSIS OF
FINANCIAL STATEMENTS HIGHLIGHTS

	2021	%▲YoY 2021-20	2020	%▲YoY 2020-19	2019	%▲YoY 2016-15
	Rupees in million		Rupees in million		Rupees in million	
Balance Sheet						
Total equity	**21,364.54**	93.85	18,103.04	95.39	19,877.95	74.43
Total non-current liabilities	**258.90**	1.14	115.86	0.61	-	-
Total current liabilities	**1,140.57**	5.01	759.12	4.00	6,830.62	25.57
Total equity and liabilities	**22,764.01**	100.00	18,978.03	100.00	26,708.57	100.00
Total non-current assets	**16,520.97**	72.57	15,524.77	81.80	16,594.31	62.13
Total current assets	**6,243.04**	27.43	3,453.26	18.20	10,114.25	37.87
Total assets	**22,764.01**	100.00	18,978.03	100.00	26,708.57	100.00
Profit and Loss Account						
Operating Revenue	**1,093.22**	100.00	870.42	100.00	1,033.86	100.00
Gain / (loss) on sale of securities - net	**204.62**	0.24	646.38	0.76	63.95	0.06
Gain / (loss) on remeasurement of investments - net	**3,188.97**	3.66	(1,647.45)	(1.94)	(1,721.23)	(1.66)
Unrealised gain on remeasurement of investment property	**-**	-	-	-	-	-
Administrative expenses	**(120.14)**	(0.14)	(115.25)	(0.14)	(102.49)	(0.10)
Impairment reversal / (loss) on investments	**-**	-	-	-	-	-
Other incomes / (charges) - net	**(49.50)**	(0.06)	(0.07)	0.02	(3.83)	(0.00)
Finance cost	**(20.63)**	(0.02)	(195.85)	0.23	(172.04)	(0.17)
Profit / (loss) before tax	**4,296.54**	393.02	(441.81)	(51.99)	(901.79)	(87.23)
Taxation	**(422.48)**	(38.64)	(128.06)	(15.08)	(62.05)	(6.00)
Profit / (loss) after tax	**3,874.06**	354.37	(569.88)	(67.07)	(963.84)	(93.23)

	2018	% ▲YoY 2018-17	2017	% ▲YoY 2017-16	2016	% ▲YoY 2016-15
	Rupees in million		Rupees in million		Rupees in million	
Balance Sheet						
Total equity	29,903.46	76.78	30,469.48	80.75	29,063.03	79.05
Total non-current liabilities	2,678.37	6.88	2,890.81	7.66	2,771.72	7.54
Total current liabilities	6,363.88	16.34	4,374.72	11.59	4,929.69	13.41
Total equity and liabilities	38,945.71	100.00	37,735.01	100.00	36,764.44	100.00
Total non-current assets	27,787.66	71.35	30,160.52	79.93	30,502.56	82.97
Total current assets	11,158.05	28.65	7,574.49	20.07	6,261.88	17.03
Total assets	38,945.71	100.00	37,735.01	100.00	36,764.44	100.00
Profit and Loss Account						
Operating Revenue	1,409.39	100.00	1,483.00	100.00	560.37	100.00
Gain / (loss) on sale of securities - net	54.08	0.04	717.13	0.48	1,531.72	2.73
Gain / (loss) on remeasurement of investments - net	(291.22)	(0.21)	(261.98)	(0.18)	(601.02)	(1.07)
Unrealised gain on remeasurement of investment property	-	-	346.62	0.23	485.21	0.87
Administrative expenses	(106.21)	(0.08)	(116.73)	(0.08)	(117.01)	(0.21)
Impairment reversal / (loss) on investments	-	-	-	-	-	-
Other incomes / (charges) - net	(1.46)	(0.00)	361.29	0.24	(13.27)	(0.02)
Finance cost	(116.46)	(0.08)	(148.34)	(0.10)	(277.67)	(0.50)
Profit / (loss) before tax	948.12	0.67	2,381.00	1.61	1,568.35	2.80
Taxation	(127.13)	(0.09)	10.37	0.01	(287.22)	(0.51)
Profit / (loss) after tax	820.99	0.58	2,391.37	161.25	1,281.12	228.62

SUMMARY OF CASH FLOWS STATEMENT

Year ended 30th June



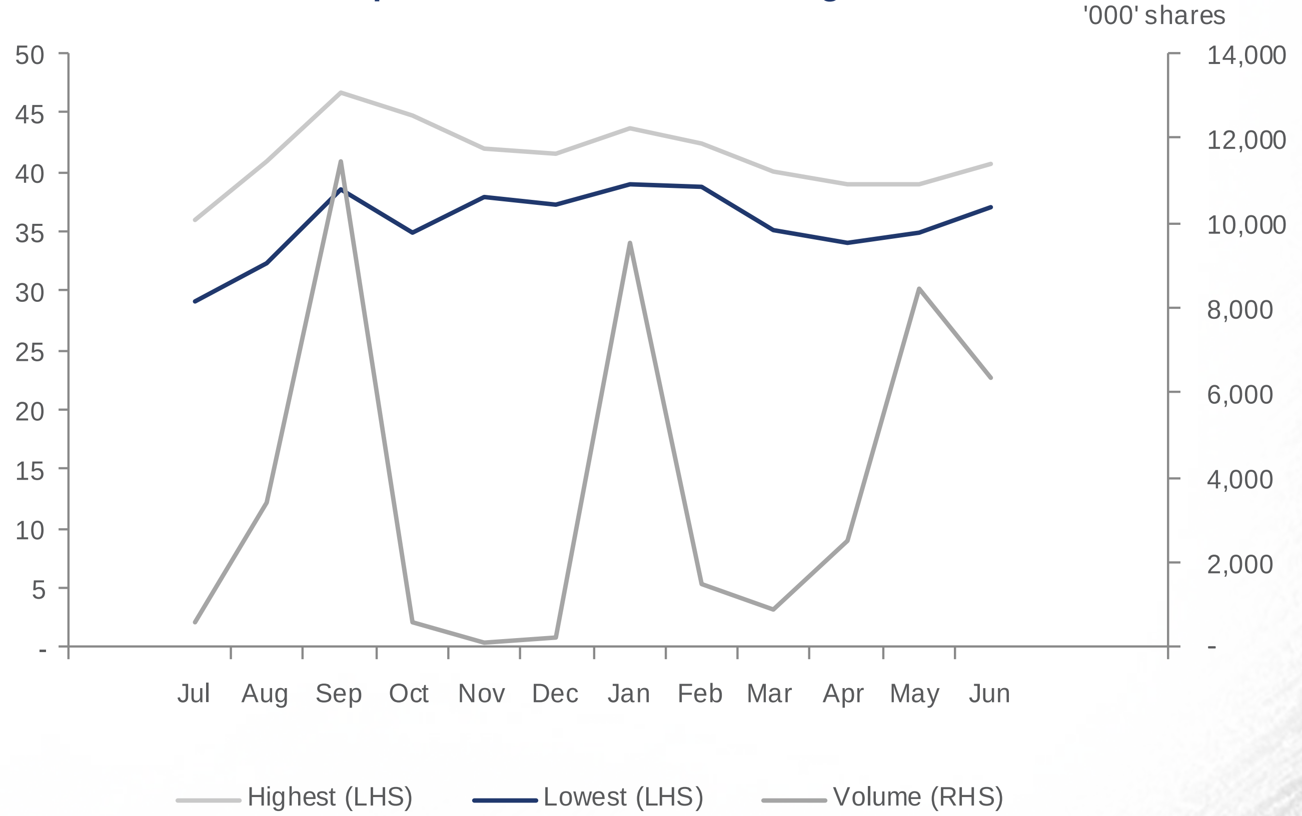
	2021	2020	2019	2018	2017	2016
	Rupees in million					
Net cash flows from operating activities	**(1,119.56)**	1,803.15	1,207.52	(769.65)	1,936.53	(1,680.29)
Net cash flows from investing activities	**1,576.92**	174.72	(0.45)	2,127.28	341.93	2,406.47
Net cash flows from financing activities	**(627.89)**	(1,236.62)	(1,362.68)	(1,426.68)	(910.62)	(1,914.04)
Net change in cash and cash equivalents	**(170.53)**	741.25	(155.61)	(69.05)	1,367.84	(1,187.86)
Cash and cash equivalents at beginning of the year	**(635.59)**	(1,377.03)	(1,233.00)	(1,154.74)	(2,522.58)	(1,334.72)
Cash and cash equivalents at end of the year	**(806.55)**	(635.59)	(1,377.03)	(1,223.00)	(1,154.74)	(2,522.58)

SHARE PRICE / VOLUME ANALYSIS

AHCL Share Price on the PSX

Month	Highest (LHS)	Lowest (LHS)	Volume (RHS)
July-20	36.00	29.11	596,500.00
August-20	41.00	32.25	3,447,500.00
September-20	46.62	38.51	11,444,000.00
October-20	44.75	35.02	576,000.00
November-20	42.01	38.00	109,000.00
December-20	41.65	37.25	232,500.00
January-21	43.70	39.00	9,567,500.00
February-21	42.50	38.81	1,519,500.00
March-21	40.00	35.15	879,000.00
April-21	38.90	34.00	2,541,000.00
May-21	39.00	35.00	8,436,500.00
June-21	40.68	37.00	6,358,500.00
	46.62	29.11	45,707,500.00

Share price movement at PSX during FY2021



SUSTAINABILITY REPORT

Investing in Pakistani Economy, Society & Environment

CEO's Message

Responsibility has always been a strong, guiding value at the Arif Habib Group. While we take our responsibility towards our shareholders very seriously, we take responsibility towards our community and environment equally seriously; thriving businesses depend on a thriving, sustainable society.

We have undertaken, across the Arif Habib Group, to responsibly contribute to the development of a vibrant society and help secure a sound future for the planet.

Pakistan and its people have always been resilient in the face of adversity, small and large, but that in no way frees us of our responsibility of playing our role in bettering the conditions from which we found them.

And if we all come together, there is no stopping us from achieving our potential.

At Arif Habib Group, we aspire to help realise the potential of the society, support sustainable measures and provide assistance to institutions and welfare organisations across Pakistan. We have reached well beyond our business locations, impacting the lives of marginalised communities.

Our Vision for Sustainability

We believe that Corporate Social Responsibility is more than just philanthropy. It is a philosophy that aims at maximizing the positive impacts and minimizing the negative impacts of our business operations on internal and external stakeholders. This is done through strategic engagement by embedding sustainability in our core activities and through active stakeholder engagement.

As a company, we want to be valued by society and viewed as one that contributes to a better, more sustainable future where the aspirations of people are fulfilled. It is our aim to continue contributing to economic growth and stability in Pakistan through actively reinvesting in its economy, its people and the sustainability of its environment.

Investment in Targeted Areas

Our goal is charitable giving, and to better align our objectives, the Arif Habib Foundation was established. In the current year the Foundation has donated almost PKR 56.65 million in an effort to support different causes in accordance with our CSR targets.

We hope to contribute and empower others in eliminating the dearth of basic necessities, which we do through partnerships with relevant organisation.
Group companies have also donated ration packages to families impacted by COVID-19.

Investing in Health

The importance of quality healthcare and the lack of facilities could probably not have been more clear than as they were at the emergence of COVID-19. Pressure was put on an already inadequate system and it was made more evident than ever that even the most basic health care remains inaccessible for the masses.

Over the past many years, the Group has played its role in investing in the better health of our human capital and the communities in which we work.

Group companies have contributed to various causes which include but are not limited to Shaukat Khanum Memorial Cancer Hospital and Research Centre, Sindh Institute of Urology and Transplantation (SIUT), The Patients' Behbud Society for AKUH, Lahore Institute of Health Sciences, Kharadar General Hospital, Indus Hospital and The Kidney Centre.

Group companies support the Memon Medical Institute (a project of the Memon Heath & Education Foundation) to assist in achieving the vision of providing accessible and affordable quality healthcare and education to all with dignity, respect and empathy. Memon Medical Institute is soon to begin its expansion, to which the Group has committed support.

Another hospital that the Group Companies support is the Mukhtar A. Sheikh Hospital which is located in the heart of Southern Punjab. Mukhtar A. Sheikh Hospital opened its doors to general public in November 2018. At its completion, the hospital will include 500 beds and state of the art healthcare facility, providing assessment and treatment of common and complex medical conditions.

The Ali Habib Medical Centre (AHMC), an initiative of Javedan Corporation Limited, located at Naya Nazimabad has commenced operations. It has been designed to cater to the primary healthcare needs of the community, both within Naya Nazimabad and the densely populated areas in the surrounding. Ali Habib Medical Centre provides specialized health consultation through consultant clinics and modern diagnostic facilities in a pleasant environment with well trained, dedicated staff. We believe the promotion of good health, disease prevention and management are essential to the wellbeing of residents in the area.

AHMC has conducted several Medical Camps for its community and adjoining neighbourhood to promote the importance of regular check-ups for a healthy life. Naya Nazimabad is also planning to commence work on full scale tertiary hospital with an ultimate capacity of 500 beds. The ground-breaking of the Hospital is expected in the second quarter of FY 21-22.

In line with our commitment to lifesaving initiatives, most group companies organised vaccination drives against COVID-19 at their premises for employees and their families.

Additionally, Naya Nazimabad also established a "COVID Vaccination Centre" at AHMC in collaboration with Government of Sindh – Ministry of Health. To date thousands of people have been vaccinated with the vaccines provided by the Sindh Government.

Aisha Steel Mills Limited, organized a blood drive at their site where large numbers of employees participated to play their role.

Investing in Education

The Arif Habib Group is committed to reinvesting in the improvement and advancement of our local educational. We believe in investing in our youth through providing them access to quality education within the country. Access to quality education is a critical factor not just to further develop the country and its economy in the coming years, but also be able to hold our own in the world space.

Group companies continue to support Habib University Foundation (HUF), Institute of Business Administration (IBA), Karachi School of Business & Leadership (KSBL), Lahore University of Management Sciences (LUMS), Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI), Namal Education Foundation and National University of Sciences and Technology (NUST).

In a bid to address the needs of education at the grassroots level in far flung areas of Pakistan, Arif Habib Group has partnered with Million Smiles Foundation to set up a school Phullawai, Neelum Valley, Kashmir to impart quality education.

Other causes supported by the Group include CARE Foundation, Progressive Education Network, Bait us Salam Welfare Trust, The Citizens Foundation and The Hunar Foundation amongst others.

Investing in the Enabling Environment

A supportive operating environment for business and industry is essential in creating a healthier economy. At the Arif Habib Group we believe that engagement with media and dialogue, capacity building, contributing to professional development and supporting networking opportunities for business is part of our responsibility to the country.

During the year under review Sachal Energy and Arif Habib Limited sponsored a number of capacity development initiatives that were undertaken by industry experts and associations.

Pakarab Fertilizer Limited is also engaged with The Hunar Foundation, Karachi to build a technical school for local population within its premises, while Fatima Vocational Training Centre – Sadiqabad has been in operation since 2014.

Investing in Culture And Diversity

Many of the Group companies arranged celebratory activities to commemorate the historic events of Independence Day paying tribute to the homeland which has allowed us to grow.

As a Group operating across the country we have the opportunity to support various cultural and sporting events. Naya Nazimabad's cricket stadium has been a popular host to many notable events over the past few years. It has now added a football stadium and basketball court along with training academies to polish our youth's talents while giving them an outlet of fun and healthy recreation options. Team building is one of Arif Habib Group's core focuses. We understand that a team performs well only when all its members are in sync. Arif Habib Group companies arrange workshops, sporting events and skill building activities to not just enhance an individual's own capacity but also forge strong bonds that improve communication and teamwork in the workplace.

Investing in the Environment

In today's world where climate change has become a serious concern, we put ourselves at the forefront in an effort to be a part of the solution. The Group continuously endeavours to support initiatives to that take measures to promote resource efficiency and encourage research in renewable energy. We believe that sustainable use of resources lies at the heart of maintaining a healthy environment.

Renewable energy is the future of energy in this country and around the world. We believe that in order to address the issue indigenous sources of power generation must be enabled and invested in. For this purpose, the group has set up, SEDPL a special-purpose company that is operating a 50 MW wind farm at Jhimpir, Sindh. We hope to contribute to a more sustainable future for the country's energy needs.

Naya Nazimabad has been designed with an energy efficient approach with minimum cooling and heating requirements in consideration of utilizing sunlight and natural wind.

Group companies as a norm have carried out plantation drives and adopted various areas around Karachi, working towards beautification and upliftment through restoration of long forgotten beauty and renovation to include modernity.

GOVERNANCE & MANAGEMENT

Corporate Governance

As a major aspect of our way of thinking, we are committed to creating value for all stakeholders and maintaining uncompromising standards as we grow.

Transparency, accountability and adherence to ethical practices, lie at the core of AHCL's business processes. Our Board of Directors has adopted governance principles and approved policies to direct AHCL's governance practices. Currently, our Board has eight directors who effectively represent and safeguard the interests of shareholders, including minority shareholders.

The Board actively participates in key activities including approval of budgets for capital and operational expenditure, investments in new ventures and issuance of further shares. The Board also monitors Company operations by approval of financial statements and dividends, review of internal and external audit reports regarding internal controls and their effectiveness. For the purpose of ensuring standardisation, the Board has devised policies for conducting business and ensures their monitoring and implementation through an independent Internal Audit department, which continuously reports, to the Audit Committee.

Whistle Blowing

There exists a defined code of conduct within the Company which has stipulated a whistle blowing mechanism across the board. The Company believes in the conduct of the affairs of its elements in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. Our policies and procedures are mature, enabling employees to raise their concerns in confidence about possible improprieties in all matters, without fear of reprisal. No incidents or concerns were reported during the year.

Succession Planning

A company is only as strong as the people it employs. Developing our human resources is a key focus at AHCL. As we continue our journey of growth, the role and development of human resources becomes all the more critical. Talented people are at the heart of our efficiency driven culture. The Company ensures it has at all times a pool of talented people across all its functions, which ensures availability of competent personnel for each department, in terms of an individual's potential, qualification, experience and professional attitude amongst other factors.

We believe in nurturing their strengths by empowering our team through challenging opportunities which enhance their potential and develop their abilities. The Group employs several qualified professionals of varying experience at different levels within the Group companies; this allows the Company to draw upon talent and experience so as to ensure smooth succession planning.

Stakeholder Engagement

AHCL is fully committed to developing effective working relationships with all our stakeholders and makes efforts to resolve issues that occur while carrying out its business dealings. We believe that Company's value depends on the trust placed in us by our stakeholders and promote dialogue with them. AHCL interacts with its stakeholders on a regular basis through use of internal and external communication. The frequency of engagements is based on business and corporate requirements with the following:

- Shareholders and Investors
- Customers and Suppliers
- Banks and other lenders
- Government functionaries and elected representatives Media

CRITERIA TO EVALUATE BOARD'S PERFORMANCE

At a time when accountability and performance assessment have become key metrics, self-evaluation can be a difficult proposition. However, a high-performing company's success is a function of the capacity of its directors to provide a strategy and the way forward that is commensurate with the overall vision in order to expand and flourish. The company, hence, endeavours to develop the capacity of its Board of directors to improve both their personal and collective contributions to the overall development of the company as well as the society. A quality Board that really adds value is not just a panel of high-performing individuals but a balanced team that utilises its diverse skill sets and a culture that allows them to function as one unit to make the most effective decisions for the betterment of the company and environment it operates in. While the guidance from the chair is key, the participation of every Board member is also paramount for its effectiveness.

Performance evaluation continues to gain importance and momentum within Boardrooms. Regulators and institutional investors increasingly endorse performance evaluation as a prerequisite for good corporate governance. The Board of Directors acts as a custodian of the shareholders' money as well as their priorities, and translates the same into the Company's mission and goals. In order to uphold the trust of stakeholders, the Board of Directors' performance warrants assessment.

The Board of AHCL has established a mechanism to self-evaluate and has been doing so for several years as a part of good governance. The main focus of the evaluation remains on strategic growth, business opportunities, risk management, Board composition and providing oversight to the management, the global economic environment and competitive context, amongst other areas.

In continuance of adhering to the Code, the Board undertook an evaluation on the following criteria to assess its performance:

- Compliance with the legislative system in which Company operates, including Companies Act, 2017, Listing Regulations of the Stock Exchange, the Memorandum and Articles of Association of the Company.
- Active participation in strategic planning process, enterprise risk management system, policy development, financial structure, monitoring and approval.
- Hiring, evaluating, compensating and supporting the Executive Directors and other key positions including Chief Executive.
- Appropriate constitution of Board Committees with members possessing adequate technical knowledge and experience.
- Establishing adequate system of internal controls in the Company and its regular assessment through self-assessment mechanism or/and internal audit activities.
- Ensuring presence of required quorum in Board and Committees' meeting.
- Ensuring orientation and training of Board of Directors to enable them to perform their duties in an effective manner.
- Ensuring adequate information is shared with the Board timely and the Board is kept abreast of developments between meetings.

The overall performance of the Board measured on the basis of above mentioned parameters for the year was satisfactory.

REPORT OF THE AUDIT COMMITTEE ON ADHERENCE TO THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

The audit committee has concluded its annual review of the conduct and operations of the Company during financial year ended on 30th June 2021, and reports that:

- The Company has adhered in full, without any material departure, with both mandatory and voluntary provisions of the listing regulation of Pakistan Stock Exchange, Company's statement of ethics and values and the international best practices of Governance throughout the year.

- Compliance has been confirmed from the members of the Board, the Management and employees of the Company individually. Equitable treatment of shareholders has also been ensured.

- The Company has issued a "Statement of Compliance with the Best Practices of Code of Corporate Governance" as stipulated in Listed Companies (Code of Corporate Governance) Regulations 2019, and the auditors have provided their review report there on.

- Appropriate accounting policies have been consistently applied. Applicable accounting standards were followed in preparation of financial statements of the Company and consolidated financial statements on a going concern assumption basis, for the financial year ended 30th June 2020, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company and its subsidiaries for the year under review.

- The Chief Executive Officer and the Chief Financial Officer have duly endorsed the unconsolidated financial statements and consolidated financial statements of the Company under their respective signatures before presenting the financial statements, for consideration and approval of the Board of Directors. They acknowledge their responsibility for true and fair presentation of the financial statements, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls framework and procedures necessary for the purpose.

- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with Companies Act, 2017.

- The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and applicable "International Accounting Standards/International Financial Reporting Standards (IFRS)" notified by SECP.

- All direct and indirect trading and holdings of the Company's shares by Directors & Executives or their spouse were notified in writing to the Company Secretary along with the price, number of shares, form of share certificate and nature of transaction which were notified by the Company Secretary to the Board with in the stipulated time. All such holdings have been disclosed in the pattern of Shareholdings.

INTERNAL AUDIT

The internal control framework has been effectively implemented through an independent in-house Internal Audit function established by the Board.

- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.

- The Audit Committee has ensured the achievements of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholders wealth through effective financial operational and compliance controls and risk management at all levels within the Company.

- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen.

- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

EXTERNAL AUDITORS

- The statutory Auditors of the Company, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, have completed their audit assignments of the "Company's Separate Financial Statements", the "Consolidated Financial Statements" and the "Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations 2019 for the financial year ended 30th June 2021 and shall retire on the conclusion of the 27th Annual General Meeting.

- The Audit Committee has reviewed and discussed Audit observation and Draft Audit Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of Auditors' Report on financial statements under the listing regulations and shall thereof accordingly be discussed in the next Audit Committee Meeting.

- The Audit Firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by the ICAP. The Auditors attended the general meetings of the Company during the year and have confirmed attendance of the Annual General Meeting scheduled on 28th October 2021

- Keeping in view the best practices of corporate governance for rotation of auditors, the Audit Committee has recommended the appointment of M/s. A. F. Ferguson & Co., Chartered Accountants as external auditors for the year ending 30th June 2022. M/s. A. F. Ferguson & Co., Chartered Accountants hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program.

Karachi: 29th September 2021

Chairman - Audit Committee

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Arif Habib Corporation Limited

Review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by the Board of Directors of **Arif Habib Corporation Limited** ("the Company") for the year ended 30 June 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2021.

KPMG Taseer Hadi & Co.
Chartered Accountants
Karachi

Date: 1st October 2021

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

ARIF HABIB CORPORATION LIMITED
FOR THE YEAR ENDED 30th JUNE 2021

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 8 (eight) as per the following:

   a. Male Directors : 7
   b. Female Director : 1

2. The composition of board is as follows:

Category	Names
Independent Directors	Mr. Sirajuddin Cassim Ms. Zeba Bakhtiar
Other Non-executive Directors	Mr. Asadullah Khawaja Mr. Nasim Beg Mr. Samad A. Habib Mr. Kashif A. Habib Mr. Muhammad Ejaz
Executive Director	Mr. Arif Habib
Female Director	Ms. Zeba Bakhtiar (Also mentioned above in the list of Independent Directors)

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman / Chairperson and, in his / her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. During the year, Ms. Zeba Bakhtiar has been appointed as a Director on casual vacancy who shall acquire the directors training program certification within a period of one year from the date of appointment. Three directors had already completed the directors' training / education program earlier whereas remaining four directors are exempt from attending the directors training program as per criteria mentioned under Code of Corporate Governance.

10. No new appointments of Chief Financial Officer, Company Secretary or Head of Internal Audit were made during the year under review. However their remuneration was approved by the Board of Directors and the HR committee.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

a) Audit Committee:

Mr. Sirajuddin Cassim	Chairman
Mr. Kashif A. Habib	Member
Mr. Muhammad Ejaz	Member

b) HR and Remuneration Committee

Mr. Sirajuddin Cassim	Chairman
Mr. Arif Habib	Member
Mr. Nasim Beg	Member
Mr. Kashif A. Habib	Member

c) Investments & Projects Diversification Committee:

Mr. Arif Habib	Chairman
Mr. Nasim Beg	Member
Mr. Samad A. Habib	Member
Mr. Kashif A. Habib	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committees were as per following:

a) Audit Committee – 4 (four) meetings of the committee were held during the financial year.
b) HR and Remuneration Committee - 3 (three) meetings of the committee were held during the financial year.
c) Investments & Projects Diversification Committee - 5 (five) meetings of the committee were held during the financial year.

15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Explanation as required under the regulations 6(1) is mentioned below:

Currently, Company has two eminent and seasoned independent directors out of total eight directors on the Board. Both the independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently as per laws and regulations; therefore, the appointment of a third independent director is not considered.

For and on behalf of the Board

Arif Habib
Chief Executive

Asadullah Khawaja
Chairman

Karachi: 29th September 2021

AUDITED UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2021

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REPORT

To the members of Arif Habib Corporation Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Arif Habib Corporation Limited** (the Company), which comprise the unconsolidated statement of financial position as at 30 June 2021, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

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 unconsolidated financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG Taseer Hadi & Co.

Following are the Key audit matters :

S No	Key audit matters	How the matters were addressed in our audit
1.	**Valuation of equity investments** Refer notes 13 and 19 to the unconsolidated Financial Statements. We identified valuation of investments in equity securities as key audit matter because of its significance to the Unconsolidated Financial Statements as a whole and involvement of management's judgment and use of assumptions and estimates.	Our audit procedures to assess the valuation of equity investments, amongst others, included the following: • assessed the design and tested operating effectiveness of the relevant controls in place relating to valuation of equity investments; • compared and recalculated the fair valuation of quoted equity investments with available external quoted market prices; • involved our own valuation specialist to assist us in evaluating the valuation techniques, assumptions and methodologies used by management for valuation of unquoted equity investments; and • considered the Company's disclosures of equity investments in accordance with the requirements of accounting and reporting standards as applicable in Pakistan.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. Other information comprises the information included in the Annual Report for the year ended 30 June 2021, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are 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 as applicable in Pakistan 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 these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors 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.

KPMG Taseer Hadi & Co.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Amyn Pirani.

Date: 1st October 2021

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi

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STATEMENT OF UNCONSOLIDATED FINANCIAL POSITION

As at 30th June 2021

	Note	2021	2020
		(Rupees)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		**10,000,000,000**	10,000,000,000
Share capital			
Issued, subscribed and paid up share capital	5	**4,083,750,000**	4,083,750,000
Reserves			
General reserve		**4,000,000,000**	4,000,000,000
Fair value reserve		**20,085,153**	20,085,153
Unappropriated profit		**13,260,702,933**	9,999,201,190
		17,280,788,086	14,019,286,343
		21,364,538,086	18,103,036,343
Non-current liabilities			
Deferred taxation - net	6	**240,963,798**	101,282,836
Lease liability against right of use assets	7	**17,941,122**	14,582,113
		258,904,920	115,864,949
Current liabilities			
Accrued expenses	8	**5,761,262**	28,706,598
Short term borrowings	9	**1,102,687,110**	670,828,552
Current portion of lease liability	7	**14,782,306**	12,754,406
Taxation - net		**-**	27,772,826
Unclaimed dividend		**17,338,597**	19,062,446
		1,140,569,275	759,124,828
Contingencies and commitments	10		
		22,764,012,281	18,978,026,120

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STATEMENT UNCONSOLIDATED OF FINANCIAL POSITION

As at 30th June 2021

	Note	2021	2020
		(Rupees)	
ASSETS			
Non-current assets			
Properties and equipments	11	**61,035,337**	61,589,127
Intangible assets	12	**606,095**	-
Long term investments	13	**16,321,392,392**	15,325,669,912
Long term loan to a related party	14	**134,970,641**	134,970,641
Long term deposits and other receivable	15	**2,964,728**	2,537,030
		16,520,969,193	15,524,766,710
Current assets			
Loans and advances	16	**634,834,491**	34,561,656
Mark-up receivable	17	**15,759,219**	21,636,362
Prepayments and other receivables	18	**15,648,067**	649,189,817
Short term investments	19	**5,238,368,312**	2,712,628,138
Taxation - net		**42,300,846**	-
Cash and bank balances	20	**296,132,153**	35,243,437
		6,243,043,088	3,453,259,410
		22,764,012,281	18,978,026,120

The annexed notes from 1 to 38 form an integral part of these financial statements

Chief Executive Officer	Director	Chief Financial Officer

STATEMENT OF UNCONSOLIDATED PROFIT OR LOSS

For the year ended 30th June 2021

	Note	2021	2020
		(Rupees)	
Revenue			
Operating revenue	21	**1,093,222,803**	870,415,834
Gain on sale of securities - net		**204,616,567**	646,379,863
Gain / (loss) on remeasurement of investments - net	22	**3,188,968,081**	(1,647,445,278)
		4,486,807,451	(130,649,581)
Administrative expenses	23	**(120,143,129)**	(115,248,011)
Other income	24	**969,400**	191,872
Finance cost	25	**(20,628,094)**	(195,847,381)
Other charges	26	**(50,465,744)**	(258,383)
Profit / (loss) before tax		**4,296,539,884**	(441,811,484)
Taxation	27	**(422,475,641)**	(128,063,609)
Profit / (loss) for the year		**3,874,064,243**	(569,875,093)
Earnings / (loss) per share - basic and diluted	28	**9.49**	(1.38)

The annexed notes from 1 to 38 form an integral part of these financial statements.

Chief Executive Officer	Director	Chief Financial Officer

STATEMENT OF UNCONSOLIDATED COMPREHENSIVE INCOME

For the year ended 30th June 2021

	2021	2020
	(Rupees)	
Profit / (loss) for the year	**3,874,064,243**	(569,875,093)
Other comprehensive income		
Items that will not be reclassified to statement of profit or loss		
Investment in associate at fair value through other comprehensive income - net change in fair value	-	25,667,927
Related tax thereon	-	(5,582,774)
Other comprehensive income	-	20,085,153
Total comprehensive income / (loss)	**3,874,064,243**	(549,789,940)

The annexed notes from 1 to 38 form an integral part of these financial statements.

Chief Executive Officer	Director	Chief Financial Officer

STATEMENT OF UNCONSOLIDATED CHANGES IN EQUITY

For the year ended 30th June 2021

		Reserves				Total
		Revenue Reserves			Sub total	
	Issued, subscribed and paid up share capital	Fair value reserve *	General reserve	Unappropriated profit		
	------------------------------	------------------------------	------------------------------	(Rupees)	------------------------------	------------------------------
Balance as at 1 July 2019	4,537,500,000	-	4,000,000,000	11,340,451,283	15,340,451,283	19,877,951,283
Total comprehensive loss for the year ended 30 June 2020						
Loss for the year	-	-	-	(569,875,093)	(569,875,093)	(569,875,093)
Other comprehensive income for the year	-	20,085,153	-	-	20,085,153	20,085,153
	-	20,085,153	-	(569,875,093)	(549,789,940)	(549,789,940)
Transactions with owners of the Company recorded directly in equity - Distributions						
Buy-back of shares at Rs. 27 per share (refer note 6.2.2)	(453,750,000)	-	-	(771,375,000)	(771,375,000)	(1,225,125,000)
Balance as at 30 June 2020	4,083,750,000	20,085,153	4,000,000,000	9,999,201,190	14,019,286,343	18,103,036,343
Balance as at 1 July 2020	**4,083,750,000**	**20,085,153**	**4,000,000,000**	**9,999,201,190**	**14,019,286,343**	**18,103,036,343**
Total comprehensive income for the year ended 30 June 2021						
Profit for the year	**-**	**-**	**-**	**3,874,064,243**	**3,874,064,243**	**3,874,064,243**
Other comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**3,874,064,243**	**3,874,064,243**	**3,874,064,243**
Transactions with owners of the Company recorded directly in equity - Distributions						
Final cash dividend at the rate of Rs. 1.5 per share for the year ended 30 June 2020	**-**	**-**	**-**	**(612,562,500)**	**(612,562,500)**	**(612,562,500)**
Balance as at 30 June 2021	**4,083,750,000**	**20,085,153**	**4,000,000,000**	**13,260,702,933**	**17,280,788,086**	**21,364,538,086**

* Fair value reserve comprises of the cumulative net change in the fair value of equity securities designated at fair value through other comprehensive income.

The annexed notes from 1 to 38 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

STATEMENT OF UNCONSOLIDATED CASH FLOWS

For the year ended 30th June 2021

	Note	2021	2020
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash (used in) / generated from operations	30	**(784,355,830)**	*1,919,082,829*
Income taxes paid		**(352,868,351)**	*(30,039,697)*
Interest received		**35,719,263**	*137,937,452*
Finance cost paid		**(18,056,641)**	*(223,835,437)*
Net cash (used in) / generated from operating activities		**(1,119,561,559)**	*1,803,145,147*
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(1,416,450)**	*(16,096,482)*
Acquisition of intangible assets		**(618,990)**	-
Dividend received		**1,678,011,459**	*123,431,567*
Proceeds from sale of properties and equipment		**1,366,000**	*77,626*
Acquisition of long term investment		**(99,993,500)**	-
Disposal of long term investments		**-**	*67,360,000*
Long term deposits paid		**(427,698)**	*(50,000)*
Net cash generated from investing activities		**1,576,920,821**	*174,722,711*
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(612,562,500)**	-
Payment of lease liability		**(15,325,860)**	*(11,494,395)*
Buy-back of shares		**-**	*(1,225,125,000)*
Net cash used in financing activities		**(627,888,360)**	*(1,236,619,395)*
Net (decrease) / increase in cash and cash equivalents		**(170,529,098)**	*741,248,463*
Cash and cash equivalents at beginning of the year		**(635,585,115)**	*(1,377,025,450)*
Effect of exchange rate fluctuations on cash held		**(440,744)**	*191,872*
Cash and cash equivalents at end of the year	*31*	**(806,554,957)**	*(635,585,115)*

The annexed notes from 1 to 38 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

1. STATUS AND NATURE OF BUSINESS

1.1 Arif Habib Corporation Limited ("the Company") was incorporated in Pakistan on 14 November 1994 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange Limited. The principal activity of the Company is to make strategic investments in subsidiary companies and associates engaged in diversified sectors and investment in other securities. The Company also extends loans, advances and guarantees to its associated company / undertaking as allowed under the Companies Act, 2017 as its principal business activity. The registered office of the Company is situated at 2nd Floor, 23, M. T. Khan Road, Karachi, Pakistan. The Company is domiciled in the province of Sindh.

These financial statements are separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated financial statements are prepared separately.

1.2 The Company has following long term investments and its underlying shareholding in respective investee companies:

Name of Companies	**Shareholding**
Subsidiaries	
- Arif Habib Limited, a brokerage house	69.44%
- Sachal Energy Development (Private) Limited, a wind power generation company	85.83%
- Black Gold Power Limited, a coal power generation company	100.00%
Associates	
- MCB - Arif Habib Savings and Investments Limited - a pension fund manager, asset management company and investment advisor	30.09%
- Pakarab Fertilizers Limited, a fertilizer company	30.00%
- Fatima Fertilizer Company Limited, a fertilizer company	15.19%
- National Resources (Private) Limited, a mining exploration company	9.57%

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except as otherwise stated in these financial statements.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements, and about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- *Provision for taxation (note 4.3)*
- *Useful lives and residual values of properties and equipment (note 4.4)*
- *Useful lives and residual values of intangible assets (note 4.5)*
- *Fair value of investments (note 4.6 & 4.7)*
- *Classification of investments (note 4.7.1)*
- *Impairment of non-financial assets (note 4.8)*
- *Investment property (note 4.9)*
- *Provisions (note 4.14)*

3. AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS AND FORTHCOMING REQUIREMENTS

3.1 New standards, amendments or interpretations which became effective during the year

The new and amended standards and interpretations that are mandatory for annual periods beginning on or after 1 July 2020 are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2021:

- *Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.*

- *COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.*

  The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

  Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - *the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;*
  - *any reduction in lease payments affects only payments originally due on or before 30 June 2022; and*
  - *there is no substantive change to the other terms and conditions of the lease.*

- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.*

Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

    - requiring companies to disclose their material accounting policies rather than their significant accounting policies;

    - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

    - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- *Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.*

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.*

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.*

Above standards, interpretations and amendments are not likely to have any material impact on the Company's financial statements, other than effecting few disclosures in certain cases.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below are consistently applied for all periods presented in these financial statements.

4.1 Right of use assets and related lease liabilities

4.1.1 Right of use assets

The Company recognises right-of-use assets (ROU assets) at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liabilities, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, if any, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

4.1.2 Lease Liabilities

The Company assess at contract inception whether a contract is, or contain a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company acts as a lessee and applies a single recognition and measurement approach for all the leases except for short-term leases and leases of low value assets. The Company recognises lease liability to make lease payments and right-of-use assets representing the right to use the underlying assets. At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) for real estate. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods affected by an option to extend or terminate the lease. After the commencement date, the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to excercise (or not to excercise) the option to renew the lease. Any change is accounted for as a change in estimate and applied prospectively with corresponding change in right-of-use assets and lease liabilities.

4.2 Staff retirement benefits

Defined contribution plan

The Company operates a recognised provident fund for all its eligible permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 12.50% of basic salary.

4.3 Taxation

Income tax expense comprises of current, prior year and deferred tax. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in statement of other comprehensive income or equity respectively.

Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of prior years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the reporting date between the tax base and carrying amount of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and carried forward unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses can be utilised. Carrying amount of all deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

4.4 Properties and equipment

Properties and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset including borrowing cost incurred on qualifying assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property and equipment is capitalised and the asset so replaced is retired from use and its carrying amount is derecognised. Normal repairs and maintenance are charged to the statement of profit or loss in the period in which they are incurred.

Depreciation on all properties and equipment are charged to the statement of profit or loss using the reducing balance method over the asset's useful life at the rates specified in respective note. The depreciation is charged full in the month of acquisition and no depreciation is charged in the month of disposal. Gains or losses on disposal of an item of properties and equipment are recognised in the statement of profit or loss. The assets' residual value and useful life are reviewed at each financial year end, and adjusted if appropriate. Further, when the written down value of the asset falls below Rs. 10,000 the same is charged directly to the statement of profit or loss.

4.5 Intangible assets

These are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged using the straight line method over assets' estimated useful life at the rates stated therein, after taking into account residual value, if any. The residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each reporting date.

Amortisation on additions is charged from the month the assets are put to use while no amortisation is charged in the month in which the assets are disposed off. Gain and losses on disposal of such assets, if any, are included in the statement of profit or loss.

4.6 Investments in Subsidiaries and Associates

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company considers its associates to be such entities in which the Company has ownership, of not less than twenty percent but not more than fifty percent, of the voting power and / or has significant influence, but not control or has joint control, over the financial and operating policies.

Investment in subsidiaries are carried at cost less impairment losses if any. Investments in associates are accounted for under 'IFRS 9 - Financial instruments' considering each investment individually.

The Company manages its investment in associates classified at fair value upon initial recognition, with an intention to sell them in the future upon receiving its fair value in accordance with the Company's documented investment strategy.

Associates classified as at fair value through profit or loss are measured at fair value, and changes therein are recognised in the statement of profit or loss except associates classified at fair value through other comprehensive income, the changes of which are recognised in statement of other comprehensive income.

Investment in the shares of associated companies carried at fair values listed on the stock exchange are valued to the reporting end trade rates, whereas investments in the shares of unlisted associated companies carried at fair values are valued at the values ascertained under the discounted cashflow model. In the later case, impairment are recorded in the "Other Comprehensive Income" and are not recycled to the Statement of profit or loss.

4.7 Financial Instruments

4.7.1 Financial assets

4.7.1.1 Classification

The Company classifies its financial assets in the following measurement categories:

- *at amortised cost;*
- *at fair value through other comprehensive income (FVOCI) with recycling of cumulative gains and losses, in case of debt instruments;*
- *at FVOCI with no recycling of cumulative gains and losses upon derecognition, in case of equity instruments; and*
- *at fair value through profit or loss (FVTPL).*

a) At amortised cost

The Company measures financial assets at amortised cost if the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 4.7.1.2. Gains and losses are recognised in the profit and loss account when the asset is derecognised, modified or impaired.

b) At fair value through other comprehensive income (FVOCI) with recycling of cumulative gains and losses in case of debt instruments

The Company measures financial assets at FVOCI if the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment losses or reversals, recognised and measured as described in note 4.7.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the profit and loss account. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit and loss account.

c) At FVOCI with no recycling of cumulative gains and losses upon derecognition - equity instruments

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to the profit and loss account. Dividends are recognised in the profit and loss account when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

d) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the profit and loss account in the period in which it arises.

4.7.1.2 Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- *An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;*
- *The time value of money; and*
- *Reasonable and supportable information that is available without undue cost or effort at The reporting date about past events, current conditions and forecasts of future economic conditions.*

The Company applies the IFRS 9 simplified approach to measure expected credit losses for all of its financial assets (receivables, advances, deposits, etc.). For all other financial assets, a life time ECL is recorded in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and for financial assets which are credit impaired as on reporting date. A 12 months ECL is recorded for all other financial assets which do not meet the criteria for SICR or "credit impaired" as at reporting date.

4.7.1.3 Initial recognition

Financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at FVTPL. Financial assets carried at FVTPL are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

4.7.1.4 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

(i) the Company transfers substantially all the risks and rewards of ownership; or
(ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

4.7.1.5 Business model

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Company in determining the business model for a Company of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

4.7.1.6 Solely Payment of Principal And Interest

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

4.7.1.7 Reclassifications

The Company reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

4.7.1.8 Write-offs

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Against each outstanding exposure which stands as impaired, the Company makes an assessment with respect to the timing and amount of write-off based on the expectation of recovery. However, financial assets that are written off remain subject to legal enforcement activities for recovery of amounts due.

4.7.1.9 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) Financial assets at fair value

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

Financial assets at fair value through 'Other Comprehensive Income' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

Fair value of the investments in listed shares is determined on the basis of the trade rates quoted at the reporting date.

b) Financial assets held at amortised cost

These are subsequently measured at amortised cost.

4.7.1.10 Offsetting of financial assets and financial liabilities

4.7.2 Financial liabilities

Financial liabilities are recognised at the time the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value less any directly attributable transaction cost.

Financial liabilities are subsequently measured at amortised cost except for:

- *Financial liabilities at fair value through profit or loss; and*
- *Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer.*

4.7.2.1 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

4.8 Impairment of Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than investment property and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generated units (CGU).

The Company considers evidence of impairment for these assets at both, an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in statement of profit or loss.

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.9 Investment property

Investment property is measured initially at cost. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the statement of profit or loss in the period in which they arise.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of profit or loss . When investment property that was previously classified as property plant and equipment is sold, any related amount included in revaluation reserve is transferred to retained earnings.

4.10 Purchase under resale agreement

Transactions of purchase under resale (Reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resale at a specified future date (Reverse-repo) are not recognised in the statement of profit or loss. Amounts paid under these agreements in respect of reverse repurchase transactions are included in assets.

The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable securities and accrued on a time proportion basis over the life of the reverse repo agreement.

4.11 Off Balance Sheet Obligations

The Company issues financial guarantee contracts in return for fees (i.e. commission on guarantee) to associated concerns. Under a financial guarantee contract, the Company undertakes to meet counter party's obligations under the terms of a debt instrument, if the counter party fails to do so.

4.12 Short term borrowings

Mark-up bearing borrowings are recognised initially at fair value, less any directly attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the borrowings on an effective interest basis.

4.13 Revenue recognition

- *Gain / loss on sale of investments are recognised in the statement of profit or loss on the date of transaction. 'All purchases and sales of securities that require delivery within the timeframe established by regulation or 'market conventions such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the 'date on which the Company commits to purchase or sell the financial assets.*

- *Dividend income is recognised when the Company's right to receive such dividend is established.*

- *Put option fee is recognised on time proportion basis over the period of its tenor.*

- *Interest income on bank deposits and loans are recognised on time proportion basis that takes into account 'the effective yield.*

- *Unrealised gains / (losses) arising on remeasurement of investments classified as at fair value through profit 'or loss are included in the statement of profit or loss in the period in which they arise.*

- *Guarantee commission is recognised in income over the period of the guarantee.*

4.14 Provisions

Provision is recognised when, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Subsequently, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.15 Foreign currency

Foreign currency transactions are translated into Pakistan Rupees using the exchange rates prevailing at the date of the transactions. All the monetary assets and liabilities in foreign currencies, at the reporting date, are translated into Pakistan Rupees at the exchange rates prevailing on that date. Foreign exchange gains and losses on translation are recognised in the statement of profit or loss.

4.16 Cash and cash equivalents

Cash and cash equivalent for the purpose of cash flow statement comprises of cash in hand, cash at bank and short term borrowings (running finance).

4.17 Dividend and appropriation to reserve

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

5. SHARE CAPITAL

5.1 Authorised share capital

2021	2020		Note	2021	2020
(Number of shares)				(Rupees)	
1,000,000,000	*1,000,000,000*	*Ordinary shares of Rs. 10 each*		**10,000,000,000**	*10,000,000,000*

5.2 Issued, subscribed and paid up share capital

2021	2020		Note	2021	2020
5,000,000	*5,000,000*	*Ordinary shares of Rs. 10 each fully paid in cash*		**50,000,000**	*50,000,000*
450,750,000	*450,750,000*	*Ordinary shares of Rs. 10 each issued as fully paid bonus shares*		**4,507,500,000**	*4,507,500,000*
455,750,000	*455,750,000*			**4,557,500,000**	*4,557,500,000*
(2,000,000)	*(2,000,000)*	*Ordinary shares of Rs. 10 each bought back at Rs. 360 per share*	*5.2.1*	**(20,000,000)**	*(20,000,000)*
(45,375,000)	*(45,375,000)*	*Ordinary shares of Rs. 10 each bought back at Rs. 27 per share*	*5.2.2*	**(453,750,000)**	*(453,750,000)*
408,375,000	*408,375,000*			**4,083,750,000**	*4,083,750,000*

5.2.1 *During financial year 2005-2006, the Company bought back two million shares of Rs. 10 each from its shareholders through tender notice at a price of Rs. 360 per share in accordance with section 95-A of the repealed Companies Ordinance, 1984 and the Companies (Buy-back of Shares) Rules, 1999. The acquisition resulted in reduction of capital and unappropriated profit by Rs. 20 million and Rs. 700 million respectively, in the relevant year.*

5.2.2 *During the financial year 2019-2020, the Company purchased and cancelled 45,375,000 ordinary shares (10% of existing shares i.e. 453,750,000). The buy-back and cancellation of shares were approved by shareholders at the extra ordinary general meeting held on 3rd July 2019. The shares were acquired at a purchase price of Rs. 27 per share. The purchase of shares were made in cash out of the distributable profits as required under Section 88(8) of the Companies Act, 2017 read with the Listed Companies (Buy-Back of Shares) Regulations, 2019. Pursuant to buy-back of shares the ordinary share capital of the Company has been reduced by 45,375,000 ordinary shares amounting to Rs. 453,750,000.*

5.2.3 *At year end, Mr. Arif Habib (Chief Executive Officer of the Company) held 80.54% (2020: 78.84%) of ordinary shares in the Company.*

6. DEFERRED TAXATION - NET

Net deferred tax liability comprises of taxable / (deductible) temporary differences in respect of the following:

	Note	2021	2020
		(Rupees)	
Taxable temporary differences			
- *Associates - at fair value through other comprehensive income*		**5,582,774**	5,582,774
- *Accelerated tax depreciation and amortization*		**292,544**	-
- *Unrealised gain on investment in equity securities at fair value through profit and loss*		**235,381,024**	-
- *Dividend receivable*		**-**	95,700,062
Deductible temporary differences			
- *Accelerated accounting depreciation*		**-**	(264,692)
- *Impairment loss on long term investment - unquoted*		**(11,310,000)**	(435,000)
- *Unrealised loss on investment in equity securities at fair value through profit and loss*		**-**	(90,789,262)
- *Lease liability against right of use assets- net*		**(508,862)**	(487,687)
		229,437,480	9,306,195
Unused tax losses		**(196,706,850)**	(145,086,693)
		32,730,630	(135,780,498)
Deferred tax asset not recognised	6.1	**208,233,168**	237,063,334
Deferred tax liability		**240,963,798**	101,282,836

6.1 Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the above items, because it is not probable that future taxable profits under normal tax regime will be available against which the Company can use the benefits therefrom.

7. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

	2021	2020
	(Rupees)	
As at 1 July	**27,336,519**	34,650,794
Effect of lease modification	**18,141,316**	-
Interest accrued	**2,571,453**	4,180,120
Payments	**(15,325,860)**	(11,494,395)
As at 30 June 2021	**32,723,428**	27,336,519
Current portion	**14,782,306**	12,754,406
Non-current portion	**17,941,122**	14,582,113
	32,723,428	27,336,519

7.1 Lease liability is payable as follows:

	2021		
	Less than one year	**Between one and two years**	**Total**
	------ (Rupees) ------		
Future minimum lease payments	**16,858,446**	**18,544,291**	**35,402,737**
Less: Interest relating to the future periods	**(2,076,140)**	**(603,169)**	**(2,679,309)**
Present value of minimum lease payment	**14,782,306**	**17,941,122**	**32,723,428**

	2020		
	Less than one year	Between one and two years	Between one and two years
	------ (Rupees) ------		
Future minimum lease payments	15,325,860	15,325,860	30,651,720
Less: Interest relating to the future periods	(2,571,454)	(743,747)	(3,315,201)
Present value of minimum lease payment	12,754,406	14,582,113	27,336,519

7.2 The remaining lease term is 24 months and the present value has been discounted at 9% per annum.

8. ACCRUED EXPENSES

	Note	2021	2020
		(Rupees)	
Mark-up due on short term borrowings		**890,269**	24,059,455
Other accrued expenses	8.1 & 8.2	**4,870,993**	4,647,143
		5,761,262	28,706,598

8.1 *This includes Rs. 0.033 million (2020: Rs. 0.080 million) payable to Arif Habib Limited (subsidiary company) on account of CDC charges.*

8.2 *This includes Rs. 1.19 million (2020: Rs. 0.098 million) payable to Rotocast Engineering Co. (Pvt) Ltd, a related party on account of monthly expense contribution of utilities and maintenance charges.*

9. SHORT TERM BORROWINGS - *Secured*

Running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 3,200 million (2020: Rs. 3,600 million). These facilities have various maturity dates up to 31 December 2021, and are generally renewable. These arrangements are secured against the pledge of marketable securities.

These running finance facilities carry mark-up ranging from 1-month KIBOR plus 1% to 3-month KIBOR plus 1.75% per annum (2020: 1-month KIBOR plus 1% to 3-month KIBOR plus 1.75% per annum) calculated on a daily product basis, and is payable quarterly. The aggregate amount of these facilities which have not been availed as at the reporting date amounts to Rs. 2,097 million (2020: Rs. 2,929 million).

The fair value of the Company's investments in listed shares pledged as collateral against short term borrowings amount to Rs. 5,080 million (2020: Rs. 4,408 million) at the year-end.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 *During the year ended 30 June 2012, the Securities and Exchange Commission of Pakistan (SECP) issued an order under Section 22 of the Securities and Exchange Ordinance, 1969 ("the Ordinance") regarding non-compliance of orders passed by it under Section 18A of the Ordinance for depositing confiscated subscription money amounting to Rs. 3.14 million relating to fictitious applications received by the Company for subscription of shares of Summit Bank Limited which were offered to general public by the Company in 2007. On 2 November 2012, Appellate bench of the SECP dismissed the appeal filed by the Company against the order. The Company has filed a constitutional petition challenging the orders passed by the SECP before Honourable High Court of Sindh which has granted ad interim stay. The petition is being contested and management is confident that the petition will be decided in the Company's favour.*

10.1.2 *The Company has issued Corporate Guarantee, on behalf of a subsidiary company, namely Sachal Energy Development (Private) Limited (SEDPL), amounting to USD 100 million (current outstanding: USD 60 million) to Industrial Commercial Bank of China in relation to a project financing agreement of SEDPL.*

10.1.3 *The Company has issued guarantee of Rs. 677.45 million on behalf of Aisha Steel Mills Limited (ASML) - a related party to secure the financing arrangement. The Company has also pledged 24.5 million ordinary shares of Fatima Fertilizer Company Limited valued at Rs. 704.38 million as at year end to a commercial bank for financing facility availed by ASML.*

10.1.4 *The Company had issued Corporate Guarantee on behalf of an associated concern, Power Cement Limited (PCL) to the extent of USD 10.127 million. During the year, exposure on this guarantee has been reduced to USD 1.16 million (2020: USD 10.127 million). Further, the Company had issued another Corporate Guarantee on behalf of PCL to the extent of Rs. 847.68 million issued to secure payment obligations of PCL.*

10.1.5 *The Company has pledged 120.35 million shares of Fatima Fertilizers Limited with various banks for running finance facilities amounting to Rs. 2,172 million obtained by Arif Habib Limited, a subsidiary company. The fair value of these shares at the year end amounts to Rs. 3,460 million.*

10.1.6 The Company has obtained letters of indemnity from the respective related parties.

10.1.7 For tax related matters, refer note 27 to these financial statements.

10.2 Commitments

The Company holds 2.56 million shares (2020: 2.56 million) of Silkbank Limited in its CDC account. During financial year 2020, Silkbank Limited's sponsor had exercised the option granted to him to purchase the Company's entire investment in Silkbank Limited. Accordingly, the Company had derecognised its investment in Silkbank Limited and had also set off relevant deposits and margin against this investment. However, shares will be transferred as per the option agreement in due course in line with regulatory approvals.

The legal advisor of the Company also agrees with the above point of view.

11. PROPERTIES AND EQUIPMENTS

	Right-of-use assets	Vehicles	Furniture and office equipment	Computer and allied equipment	Leasehold improvements	Total
	(Rupees)					
Cost						
Balance as at 01 July 2019	-	29,941,393	1,122,059	4,317,013	67,750,472	103,130,937
Additions	38,482,259	15,717,281	197,128	182,073	-	54,578,741
Disposals	-	(171,533)	(90,000)	-	-	(261,533)
Balance as at 30 June 2020	38,482,259	45,487,141	1,229,187	4,499,086	67,750,472	157,448,145
Balance as at 01 July 2020	38,482,259	45,487,141	1,229,187	4,499,086	67,750,472	157,448,145
Additions	-	463,900	32,000	920,550	-	1,416,450
Effect of lease modification	18,141,316	-	-	-	-	18,141,316
Disposals	-	(477,500)	(36,800)	(10,000)	-	(524,300)
Balance as at 30 June 2021	**56,623,575**	**45,473,541**	**1,224,387**	**5,409,636**	**67,750,472**	**176,481,611**
Depreciation						
Balance as at 01 July 2019	-	20,379,748	673,959	3,331,310	53,471,962	77,856,979
Charge for the year	12,827,420	2,687,449	78,814	415,103	2,141,777	18,150,563
Disposals	-	(113,907)	(34,617)	-	-	(148,524)
Balance as at 30 June 2020	12,827,420	22,953,290	718,156	3,746,413	55,613,739	95,859,018
Balance as at 01 July 2020	12,827,420	22,953,290	718,156	3,746,413	55,613,739	95,859,018
Charge for the year	12,827,419	4,517,926	89,335	459,766	1,820,510	19,714,956
Disposals	-	(80,900)	(36,800)	(10,000)	-	(127,700)
Balance as at 30 June 2021	**25,654,839**	**27,390,316**	**770,691**	**4,196,179**	**57,434,249**	**115,446,274**
Written down value as at 30 June 2020	25,654,839	22,533,851	511,031	752,673	12,136,733	61,589,127
Written down value as at 30 June 2021	**30,968,736**	**18,083,225**	**453,696**	**1,213,457**	**10,316,223**	**61,035,337**
Annual rates of depreciation	**33%**	**20%**	**15%**	**33%**	**15%**	

12. INTANGIBLE ASSETS

Computer softwares	**2021**	*2020*
	(Rupees)	
Cost		
Balance as at 1 July	**-**	-
Addition	**618,990**	-
Balance as at 30 June	**618,990**	-
Amortisation		
Balance as at 1 July	**-**	-
Charge for the year	**(12,895)**	-
Balance as at 30 June	**(12,895)**	-
Written down value as at 30 June	**606,095**	**-**
Annual amortisation rate	**25%**	-

		Note	2021	2020
			(Rupees)	
13.	**LONG TERM INVESTMENTS**			
	Subsidiaries - at cost	13.1	**4,903,984,832**	4,953,984,832
	Associates - designated at fair value through profit and loss	13.2	**9,967,414,060**	9,021,685,080
	Associates - at fair value through other comprehensive income	13.3	**1,449,993,500**	1,350,000,000
	Other equity securities - at fair value through other comprehensive income	13.4	**-**	-
			16,321,392,392	15,325,669,912
13.1	**Subsidiaries - at cost**			
	Arif Habib Limited (AHL)	13.1.1	**2,157,519,772**	2,157,519,772
	Sachal Energy Development (Private) Limited (SEDPL)	13.1.2	**2,746,465,060**	2,746,465,060
	Black Gold Power Limited (BGPL)	13.1.3	**50,000,000**	50,000,000
	Impairment recognised during the year		**(50,000,000)**	-
			-	50,000,000
			4,903,984,832	4,953,984,832

13.1.1 *Investment in AHL (listed) represents 41.246 million (2020: 41.246 million) fully paid ordinary shares of Rs. 10 each, representing 69.44% (2020: 69.44%) of AHL's paid up share capital as at 30 June 2021. These includes 4 million shares of market value of Rs. 324 million, which has been pledged with the commercial bank as a security against the Company's borrowings. The company is engaged in the business of investments, shares brokerage, inter-bank brokerage, initial public offering underwriting, advisory and consultancy.*

Market value of the above shares as at 30 June 2021 amounted to Rs. 3,346 million (2020 Rs. 1,342 million).

13.1.2 *Investment in SEDPL (unquoted) represents 274.647 million (2020: 274.647 million) fully paid ordinary shares of Rs. 10 each, representing 85.83% (2020: 85.83%) of SEDPLs paid up share capital as at 30 June 2021. Book value based on net assets, as per audited financial statements as at 30 June 2021 is Rs. 27.75 per share (2020: Rs. 21 .92 per share). The entire shareholding in SEDPL has been pledged in favour of Industrial and Commercial Bank of China (ICBC) to secure project financing of SEDPL. The company is engaged in the business of electricity generation and its sale.*

13.1.3 *Investment in BGPL (unquoted) represents 5 million (2020: 5 million) fully paid ordinary shares of Rs. 10 each, representing 100% (2020: 100%) of BGPL's paid up share capital as at 30 June 2021. BGPL has been allocated with supply of coal for its 660 MW Thar Coal based power project to be constructed, commissioned and operated at Thar Block II.*

During the year, management has recognized impairment loss of Rs. 50 million against the said investment (2020: Rs. Nil). Consequently, the investment is carried at Nil value in these financial statements.

13.2 Associates - designated at fair value through profit and loss

	Note	Cost	Unrealised appreciation on remeasurement of investments	Carrying amount (at fair value) 2021	2020
		(Rupees)			
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	13.2.1	**477,694,882**	**318,463,255**	**796,158,137**	494,809,574
Fatima Fertilizer Company Limited (FFCL)	13.2.2	**3,512,782,225**	**5,658,473,698**	**9,171,255,923**	8,526,875,506
		3,990,477,107	**5,976,936,953**	**9,967,414,060**	9,021,685,080

13.2.1 *Investment in MCB-AH (quoted) represents 21.664 million (2020: 21.664 million) fully paid ordinary shares of Rs. 10 each, representing 30.09% (2020: 30.09%) of MCB-AH's paid up share capital as at 30 June 2021, having historical cost of Rs. 81.95 million (2020: Rs. 81.95 million). Market value per share as at 30 June 2021 was Rs. 36.75 (2020: Rs. 22.84), whereas book value based on net assets, as per audited financial statements as at 30 June 2021 is Rs. 22.27 per share (2020: Rs. 21.54 per share). Pursuant to Rule 5(6)(e) of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Company, being a promoter of MCB-AH, has placed shares in an account marked as 'Freeze' with the Central Depository Company of Pakistan Limited. The company is a non-banking finance company and is an asset management company and an investment advisor.*

13.2.2 *Investment in FFCL (quoted) represents 319 million (2020: 319 million) fully paid ordinary shares of Rs. 10 each, representing 15.19% (2020: 15.19%) of FFCL's paid up share capital as at 30 June 2021. Fair value per share as at 30 June 2021 is Rs. 28.75 (2020: Rs. 26.73). Book value based on net assets as per audited financial statements as at 30 June 2021 is Rs. 43.41 per share (2020: Rs. 38.56 per share). The company is a fertilizer manufacturing company.*

13.3 Associates - at fair value through other comprehensive income

	Note	Cost	Unrealised appreciation / (diminution) on remeasurement of investments	Carrying amount 2021	Carrying amount 2020
		(Rupees)			
Pakarab Fertilizers Limited (PFL)	*13.3.1*	1,324,332,073	25,667,927	1,350,000,000	*1,350,000,000*
National Resources (Private) Limited (NRPL)	*13.3.2*	99,993,500	-	99,993,500	*-*
		1,424,325,573	25,667,927	1,449,993,500	*1,350,000,000*
Deferred tax		-	(5,582,774)	-	*-*
Net of tax		1,424,325,573	20,085,153	1,449,993,500	*1,350,000,000*

13.3.1 *Investment in PFL (unquoted) represents 135 million (2020: 135 million) fully paid ordinary shares of Rs. 10 each, representing 30% (2020: 30%) of PFL's paid up share capital as at 30 June 2021. Fair value per share as at 30 June 2021 was Rs. 10 (2020: Rs. 10), whereas book value based on net assets, as per audited financial statements as at 30 June 2021 is Rs. 24.12 per share (2020: Rs. 14.09 per share). The company is engaged in the fertilizers trading business. Details regarding valuation of PFL are as follows:*

Type	Date of valuation	Valuation approach and assumptions	Inter-relationship between significant unobservable Inputs and fair value measurement
Unquoted equity securities - Pakarab Fertilizers Limited (PFL)	*30 June 2021*	*Discounted cash flows: The valuation model considers the present value of future cash flow of investee company discounted using a risk-adjusted discount rate.*	*The estimated fair value would increase / (decrease) if: - the annual growth rate were higher or lower - the EBITDA margin were higher or lower*
		The cash flow projection include specific estimates for 5 years.	*Generally, a change in the annual growth rate is accompanied by a directionally similar change in EBITDA margin.*
		Inputs used:	
		- Long term growth rate	*4.0%*
		- Long term return on equity	*16.56%*
		- Weighted average cost of capital	*12.27%*

13.3.2 *On 22nd June 2021, the Company had subscribe 9,999,350 ordinary shares of NRPL having face value of Rs. 10 each. The Company holds 9.57% of NRPL's paid up share capital as at 30 June 2021. NRPL is in its pre-feasibility stage and has not yet commenced its operations and has yet to apply for a mining license. NRPL intends to carry on the business of exploring, operating and working on mines, quarries and other related activities. The investment is under a joint venture agreement dated 20 November 2020 between sponsors (Y.B Pakistan Ltd, Arif Habib Equity (Private) Limited, Liberty Mills Limited, Reliance Commodities (Private) Limited and Mari Petroleum Company Limited). The Company has one director on the Board of the company and has the capacity to nominate one such director. All other investors too can appoint one director each.*

13.4 Other equity securities - at fair value through other comprehensive income

	Note	2021 Shares (Number)	2021 Fair value (Rupees)	*2020 Shares (Number)*	*2020 Fair value (Rupees)*
Sun Biz (Private) Limited (SBL)	*13.4.1*	10,000	-	*10,000*	*-*
Al-Khabeer Financial Services (Private) Limited (AKFS)	*13.4.2*	5,000	-	*5,000*	*-*
			-		*-*

13.4.1 *Investment in SBL (unquoted) represents 10,000 (2020: 10,000) fully paid ordinary shares of Rs. 100 each. These have been fully provided due to losses and being non-operational.*

13.4.2 *Investment in AKFS (unquoted) represents 5,000 (2020: 5,000) fully paid ordinary shares of Rs. 200 each. These have been fully provided due to losses and being non-operational.*

13.5 Fair value of long term investments pledged with banking companies against various facilities of the company amounts to Rs. 3,581.86 million (2020: Rs. 4,120 million).

14. LONG TERM LOAN TO A RELATED PARTY

	Note	2021	2020
At amortised cost		(Rupees)	
Secured			
Aisha Steel Mills Limited		**163,404,133**	163,404,133
Less: Current portion of long term loan	*16*	**(28,433,492)**	(28,433,492)
		134,970,641	134,970,641

14.1 This represents long term loan secured against first charge on all present and future fixed assets, accounts receivables and interest in any insurance claim and equitable mortgage of land and building. The mark-up rate in the said loan is 6-month KIBOR plus 3.25% per annum (2020: 6-months KIBOR plus 3.25% per annum). The rate of mark-up on the loan during the period ranged between 10.49% to 10.60% (2020: ranged between 16.38% to 16.74%) per annum. Mark-up is payable on a semi-annual basis.

The repayment terms of the above loan was rescheduled during the year due to the impact of COVID-19 and now the balance is repayable in semi-annually instalments of Rs. 14.216 million effective 19 July 2021. However markup for the extended period continued to be recovered. The loan is repayable by January 2025. The repayment period due to above deferment has been extended by one year and has been approved by the shareholders in their Annual General Meeting. No other terms have been revised.

14.2 Maximum balance due from the above related party as at the end of any month during the year was Rs. 163.4 million (2020: Rs. 149.19 million).

15. LONG TERM DEPOSITS AND OTHER RECEIVABLE

	Note	2021	2020
		(Rupees)	
Security deposits - unsecured			
Security deposit with Central Depository Company of Pakistan Limited		**4,090**	4,090
Security deposits with telecommunication companies		**40,500**	40,500
Security deposits for fuel cards		**95,000**	95,000
		139,590	139,590
Other receivable - secured			
Receivable from employees against leased vehicles	15.1	**2,825,138**	2,397,440
		2,964,728	2,537,030

15.1 This represents security deposits paid by the Company to / on behalf of employees for leased vehicles and is secured against respective employees' provident fund balances. It will be recovered from the respective employees from their final settlement or at the termination of lease agreement.

16. LOANS AND ADVANCES	Note	2021	2020
		(Rupees)	
At Amortised cost			
Unsecured			
Loans to related parties - Black Gold Power Limited (BGPL)	16.1	**5,500,000**	5,500,000
Advance for investment in Silk Islamic Development REIT	16.2	**600,000,000**	-
Secured			
- Current portion of long term loan to Aisha Steel Mills Limited (ASML)	14	**28,433,492**	28,433,492
- Advance against salaries to employees	16.4	**900,999**	628,164
		634,834,491	34,561,656

16.1 *The Company entered into an interest free financing agreement with BGPL, a wholly owned subsidiary, to the extent of Rs. 10 million in order to finance its working capital requirements and for any other business as may be mutually agreed between the parties to the agreement. The loan is repayable within 30 business days of notice of demand.*

16.2 *This represent advance paid for equity investment in a Sharia Compliant Apartment Development REIT. The said REIT is in the process of acquiring the land from a commercial bank. Thereafter units of the REIT shall be issued to the subscribers. If the units are not issued to the subscribers, including to the Company, within 240 days of the subscription (i.e from 30 June 2021 in the Company's case), the same would need to be refunded.*

16.3 *In addition maximum balance due from related parties in respect of loans and advances as at the end of any month during the year was Rs. 922.5 million (2020: Rs. 790 million). These balances were disbursed and recovered during the year.*

16.4 *This represents interest free balance due from the employees and are secured against their retirement benefit fund.*

17. MARK-UP RECEIVABLE	Note	2021	2020
		(Rupees)	
From related parties:			
- Aisha Steel Mills Limited (ASML)	14.1	**8,589,238**	21,441,982
- Javedan Corporation Limited (JCL)	17.1	**2,722,849**	147,616
- Arif Habib Limited (AHL)	17.2	**4,447,132**	-
		15,759,219	21,589,598
Others:			
Bank's saving account		**-**	46,764
		15,759,219	21,636,362

17.1 *Represents the markup receivable on an unsecured loan of Rs. 250 million given to JCL, which was repaid during the period. The rate of mark-up on the principal balance was 3 month KIBOR plus 2.25% (2020: 3 month KIBOR plus 2.25%) and was payable quarterly.*

17.2 *Represents the markup receivable on an unsecured loan of Rs. 667 million given to AHL, which was repaid during the period. The rate of mark-up was 3 month KIBOR plus 2% (2020: Nil) and was payable quarterly.*

17.3 *The company timely received the above markup subsequent to the year end.*

17.4 *The maximum amount due from related parties in respect of mark-up receivable as at the end of any month during the year was Rs. 15.8 million (2020: Rs. 36.32 million).*

18. PREPAYMENTS AND OTHER RECEIVABLES	Note	2021	2020
		(Rupees)	
Prepayments		**784,153**	*4,427,879*
Guarantee commission receivable	*18.1*	**4,307,736**	*5,041,526*
Dividend receivable		**-**	*638,000,412*
Others	*18.2*	**10,556,178**	*1,720,000*
		15,648,067	*649,189,817*

18.1 *This represents guarantee commission receivable from related parties, namely Arif Habib Limited, Sachal Energy Development (Private) Limited, Aisha Steel Mills Limited and Power Cement Limited. The maximum amount due in respect of guarantee commission receivable as at the end of any month during the year was Rs. 5.16 million (2020: Rs. 5.39 million).*

18.2 *This includes Rs. 8.814 million inadvertently deducted by a bank from the Company's bank account on account of the charges due by a related party to the said Bank. Arrangements have been made for the reversal of the deduction from the Company's bank account.*

19. SHORT TERM INVESTMENTS	Note	2021	2020
		(Rupees)	
Equity securities - at Fair value through profit or loss	*19.1*	**5,238,368,312**	*2,712,628,138*

19.1 *Details of the investments are as follows:*

Investment in ordinary shares of related parties	**3,286,748,289**	*2,064,725,743*
Investment in preference shares of related parties	**854,461,693**	*359,802,880*
Investment in ordinary shares of other companies	**1,097,158,330**	*288,099,515*
	5,238,368,312	*2,712,628,138*

19.2 Reconciliation of loss on remeasurement of equity securities at fair value through profit and loss

Cost of investment	**3,691,198,002**	*3,408,696,929*
Unrealised (loss) / gain		
Balance as at 1 July	**(696,068,791)**	*(47,153,780)*
Unrealised gain / (loss) for the year	**2,243,239,101**	*(648,915,011)*
	1,547,170,310	*(696,068,791)*
Balance as at 30 June	**5,238,368,312**	*2,712,628,138*

19.3 *Fair value of short term investments pledged with banking companies against various financing facilities availed by the company amounts to Rs. 1,498 million (2020: Rs. 306.66 million).*

20. CASH AND BANK BALANCES	Note	2021	2020
		(Rupees)	
With banks in:			
Current accounts			
- In local currency		**23,813,879**	*21,306,514*
- In foreign currency		**6,327,873**	*6,768,178*
		30,141,752	*28,074,692*
Deposit accounts	*20.1*	**265,904,089**	*7,111,149*
		296,045,841	*35,185,841*
Cash in hand (in local and foreign currency)		**86,312**	*57,596*
		296,132,153	*35,243,437*

20.1 *Mark-up on deposit accounts carries profit rates ranging between 5.5% to 6% (2020: 7.25% to 14%) per annum.*

21. OPERATING REVENUE

	Note	2021	2020
		(Rupees)	
Dividend income		**1,040,011,047**	761,431,979
Mark-up income on loans and advances	21.1	**29,842,120**	75,744,454
Guarantee commission income	21.2	**18,879,227**	21,079,496
Mark-up income on bank deposits		**4,490,409**	5,343,225
Mark-up income on term finance certificates		**-**	6,816,680
		1,093,222,803	870,415,834

21.1 *This represents mark-up income on loans extended to related parties, namely Arif Habib Limited, Aisha Steel Mills Limited, Power Cement Limited and Javedan Corporation Limited.*

21.2 *This pertains to guarantees issued to related parties namely, Arif Habib Limited, Sachal Energy Development (Pvt.) Limited, Aisha Steel Mills Limited and Power Cement Limited.*

22. GAIN / (LOSS) ON REMEASUREMENT OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS- NET

	2021	2020
	(Rupees)	
Long term investment	**945,728,980**	(1,899,068,265)
Short term investment	**2,243,239,101**	251,622,987
	3,188,968,081	(1,647,445,278)

23. ADMINISTRATIVE EXPENSES

	Note	2021	2020
		(Rupees)	
Salaries and benefits	23.1	**58,433,182**	47,087,818
Rent, rates and taxes		**3,153,797**	1,757,772
Legal and professional charges		**3,843,890**	4,704,633
Depreciation	11	**19,714,956**	18,150,563
Amortisation of intangible assets		**12,895**	-
Advertisement and business promotion		**1,834,374**	13,275,932
Repairs and maintenance		**7,102,680**	5,244,316
Travelling and conveyance		**3,651,167**	5,147,577
Printing and stationery		**2,329,120**	2,736,467
Insurance		**2,881,231**	2,528,081
Electricity		**4,501,352**	4,376,492
Fees and subscription		**3,125,677**	2,365,519
Auditor's remuneration	23.2	**2,522,016**	2,568,664
Communication		**1,310,469**	1,577,725
Directors' meeting fees		**625,000**	450,000
Custody and settlement charges		**1,641,562**	1,361,417
Entertainment		**2,064,425**	610,195
Others		**1,395,336**	1,304,840
		120,143,129	115,248,011

23.1 *Salaries and benefits include Rs. 2.81 million (2020: Rs. 2.47 million) in respect of provident fund contribution. All investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.*

23.2 Auditor's remuneration

	2021	2020
	(Rupees)	
Audit fee	**1,402,000**	*1,402,000*
Interim review	**450,000**	*450,000*
Other services (certifications)	**130,000**	*330,000*
Out of pocket expense	**361,536**	*178,500*
Sales tax	**178,480**	*208,164*
	2,522,016	*2,568,664*

24. OTHER INCOME

	2021	2020
Gain on disposal of fixed assets	**969,400**	-
Gain on foreign currency translation	**-**	*191,872*
	969,400	*191,872*

25. FINANCE COST

	Note	2021	2020
Mark-up on short term borrowings		**13,672,590**	*191,613,433*
Mark-up on loan from sponsor	*25.1*	**4,355,592**	-
Interest expense on lease liabilities against right-of-use assets		**2,571,453**	*4,180,120*
Bank charges		**28,459**	*53,828*
		20,628,094	*195,847,381*

25.1 *During the year, the Company availed unsecured finance facility from its major shareholder, Mr. Arif Habib, amounting to Rs. 541 million (2020: Rs Nil) which was repaid during the year. This financing facility carried markup at 3 month KIBOR plus 1.75% calculated on daily product basis. The agreement had expired on 30 June 2021.*

26. OTHER CHARGES

	Note	2021	2020
		(Rupees)	
Impairment against investment in a subsidiary company	*13.1.3*	**50,000,000**	-
Loss on foreign currency translation		**440,744**	-
Donations	*26.1*	**25,000**	*223,000*
Loss on disposal of fixed assets		**-**	*35,383*
		50,465,744	*258,383*

26.1 *This include donation paid to following donees:*

	2021	2020
	(Rupees)	
Donees		
Saylani Welfare Trust	**25,000**	*23,000*
Karachi Union of Journalists	**-**	*200,000*

26.2 *There are no donations to any person, institution or organisation in which a director or his spouse had any interest.*

27. TAXATION

	2021	2020
	(Rupees)	
Current		
- for the year	**256,637,813**	30,549,974
- for prior years	**26,156,866**	1,813,573
	282,794,679	32,363,547
Deferred	**139,680,962**	95,700,062
	422,475,641	128,063,609

27.1 The provision for current year tax represents tax on taxable income at the rate of 29% (2020: 29%) per annum or minimum tax per annum, whichever is higher. The rate of tax imposed on the taxable income of a Company for the tax year 2021 and onwards is 29%. The Company computes current tax expense based on the generally accepted interpretation of the tax laws to ensure that sufficient provision for the purpose of taxation is available. According to management, the tax provision made in these audited unconsolidated financial statements is sufficient.

27.2 During the period, the petition filed by the Company against the imposition of super tax for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 for the tax years 2015 to 2019 in the Honourable High Court of Sindh was rejected vide order dated 21 July 2020. The Company, in consultation with its legal and tax advisors, has filed an appeal against the decision of the Honourable High Court of Sindh in the Supreme Court of Pakistan.

Consequent to the High Court judgement, the tax authorities issued notices to the Company and subsequently framed orders for the recovery of super tax for the relevant tax years. An appeal has been filed against these orders with the Commissioner Inland Revenue (Appeals) along with stay against recovery of demand based on certain contentious and factual grounds. Further, through an interim order dated 26 November 2020, the Honourable Supreme Court of Pakistan has ordered for no coercive action against the petitioners who deposit 50% of outstanding tax demand, accordingly the company has made the required deposit. The management has assessed the sufficiency of tax provision on account of super tax and considers that these sufficient for the purpose.

27.3 Further, the deemed assessments for the tax years 2016 to 2019 were subsequently modified by the Additional Commissioner Inland Revenue by issuing amended assessment orders (Orders), mainly attempting to reclassify company's normal business income to income from other sources. The Company had filed appeal before the CIR (Appeals) against the Orders, who remanded back the liability raised through the Order for tax year 2019. Appeals for remaining tax years are pending for adjudication before CIR (Appeals), while the Company has sought stay on payment of demand from the Honourable High Court of Sindh against the remaining Orders. The legal advisor of the Company is of the opinion that there are reasonable grounds for a favourable decision.

27.4 In addition to the above certain other appeals are also pending. However adequate provisions are held by the Company.

27.5 Relationship between tax expense / (income) and accounting profit

	2021	2020
	(Rupees)	
Profit / (loss) before tax	**4,296,539,884**	(441,811,484)
Tax at the applicable tax rate of 29% (2020: 29%)	**1,245,996,566**	(128,125,330)
Tax effect of income under final tax regime	**(145,601,547)**	(106,464,258)
Tax effect of income taxed at lower rate	**(750,315,076)**	(177,257,394)
Prior year tax effect	**26,156,866**	1,813,572
Tax effect of non-deductible expenses	**55,458,720**	22,683,722
Tax effect of minimum tax at 1.5% (2020: 1.5%)	**-**	1,842,473
The effect of exempt income / permanent difference	**-**	477,703,488
Others	**(9,219,888)**	35,867,336
	422,475,641	128,063,609

28. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

Basic earnings per share is calculated by dividing the profit / (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. There is no dilutive effect on the basic earnings per shares of the Company.

	2021	2020
	(Rupees)	
Profit for the year	**3,874,064,243**	(569,875,093)
	(Number)	
Weighted average number of ordinary shares	**408,375,000**	413,210,041
	(Rupees)	
Earnings per share - basic and diluted	**9.49**	(1.38)

29. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND OTHER EXECUTIVES

29.1 *For the purpose of disclosure, employees are considered as executives whose basic salary exceeds twelve hundred thousand rupees in a financial year.*

29.2 *The aggregate amounts charged in these financial statements in respect of remuneration including benefits to the Chief Executive Officer and Other Executives of the Company are given below:*

	Chief Executive		Executive employees	
	2021	2020	**2021**	2020
	(Rupees)			
Managerial remuneration	**12,000,000**	10,200,000	**18,847,436**	17,301,570
Contribution to provident fund	**967,740**	822,582	**1,189,390**	1,075,938
Bonus	**3,000,000**	700,000	**3,673,049**	1,026,824
Other perquisites and benefits	**600,000**	780,000	**4,005,095**	3,177,498
Total	**16,567,740**	12,502,582	**27,714,970**	22,581,830
Number of person(s)	**1**	1	**7**	7

29.3 *The aggregate amount charged to these financial statements in respect of directors' fee paid to three non-executive directors (2020: three) was Rs. 0.63 million (2020: Rs. 0.45 million). The Chief Executive Officer draws salary on account of managerial remuneration.*

29.4 *The Chief Executive Officer has been provided with free use of Company's maintained vehicles in accordance with the Company's policy. The net book value of these vehicles are Rs. 17.24 million.*

30. NET CASH (USED IN) / GENERATED FROM OPERATIONS

	2021	2020
	(Rupees)	
Profit / (loss) before tax	**4,296,539,884**	(441,811,484)
Adjustments for:		
Depreciation	**19,714,956**	18,150,563
Amortisation	**12,895**	-
Dividend income	**(1,040,011,047)**	(761,431,979)
Mark-up income on loans and advances	**(29,842,120)**	(75,744,454)
Mark-up income on term finance certificate	**-**	(6,816,680)
Loss on disposal of long term investments	**-**	37,257,458
(Gain) / loss on remeasurement of investment in associates	**(945,728,980)**	998,530,267
(Gain) / loss on remeasurement of short term investments	**(2,243,239,101)**	648,915,011
Impairment loss on an investment	**50,000,000**	-
Finance cost	**20,628,094**	195,847,381
Exchange loss / (gain)	**440,744**	(191,872)
(Gain) / loss on disposal of assets	**(969,400)**	35,383
	(4,168,993,959)	1,054,551,078
	127,545,925	612,739,594
Changes in:		
Loans and advances	**(600,272,835)**	29,058,969
Prepayments and other receivables	**(4,458,662)**	(2,598,874)
Short term investments	**(282,501,073)**	1,301,268,807
Unclaimed dividend	**(1,723,849)**	(12,643,469)
Trade and other payables	**(22,945,336)**	(8,742,198)
	(911,901,755)	1,306,343,235
Net cash (used in) / generated from operations	**(784,355,830)**	1,919,082,829

31. CASH AND CASH EQUIVALENTS

	Note	2021	2020
		(Rupees)	
Cash and bank balances	20	296,132,153	35,243,437
Short term borrowings	9	(1,102,687,110)	(670,828,552)
		(806,554,957)	(635,585,115)

32. OPERATING SEGMENTS

These unconsolidated financial statements of the Company have been prepared on the basis of a single reporting segment.

All non-current assets of the Company as at 30 June 2021 are located in Pakistan.

33. FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from the use of financial instruments:

- *Credit risk*
- *Liquidity risk*
- *Market risk*

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

33.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company.

Credit risk management

It is the Company's policy to enter into financial contracts with reputable, diverse and creditworthy counterparties and, wherever possible or deemed necessary, obtain collaterals in accordance with internal risk management policies and investment guidelines designed for credit risk management. Management closely monitors the creditworthiness of the Company's counterparties.

Exposure to credit risk

The Company's maximum credit exposure (without taking into account collateral and other credit enhancement) at the reporting date is represented by the carrying amount of financial assets as follows:

	2021	2020
	(Rupees)	
Long term deposits	139,590	139,590
Loan to related parties (short term and long term)	168,904,133	168,904,133
Guarantee commission receivable	4,307,736	5,041,526
Mark-up receivable	15,759,219	21,636,362
Dividend receivable	-	638,000,412
Other receivable	11,661,316	2,397,440
Bank balances	296,045,841	35,185,841
	496,817,835	871,305,304

The Company does not take into consideration the value of collateral while testing financial assets for impairment. The Company considers the credit worthiness of counterparties as part of its risk management.

None of the financial assets are past due.

Bank balances

The credit ratings to respective banks have been assigned by independent credit rating agencies. At reporting date credit ratings of respective banks were as follows:

	Short term	Long term
PACRA	A1 to A1+	AA- to AAA
JCR-VIS	A-1 to A-1+	A+ to AAA

Concentration of credit risk

Details of the concentration of credit risk are as follows:	2021	2020
	(Rupees)	
Utility companies and CDC	139,590	139,590
Banks	296,045,841	35,185,841
Steel manufacturing company	173,044,995	185,941,542
Mining companies	5,500,000	5,500,000
Power generation company	2,414,655	3,045,845
Cement manufacturing company	376,375	445,884
Fertilizer company	-	638,000,412
Real estate management company	2,722,849	194,380
Brokerage house	13,748,392	454,370
Employees	2,825,138	2,397,440
	496,817,835	871,305,304

33.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Company. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	2021			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	---------- (Rupees) ----------			
Financial liabilities				
Accrued expenses	4,870,993	4,870,993	4,870,993	-
Unclaimed dividend	17,338,597	17,338,597	17,338,597	-
Short term borrowings (including mark-up due)	1,103,577,379	1,103,577,379	1,103,577,379	-
Lease liability against right of use assets	32,723,428	35,402,737	16,858,446	18,544,291
	1,158,510,397	1,161,189,706	1,142,645,415	18,544,291

	2020			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	---------- (Rupees) ----------			
Financial liabilities				
Accrued expenses	4,647,143	4,647,143	4,647,143	-
Unclaimed dividend	19,062,446	19,062,446	19,062,446	-
Short term borrowings (including mark-up due)	694,888,007	694,888,007	694,888,007	-
Taxation	27,772,826	27,772,826	27,772,826	-
Lease Liability against right of use assets	27,336,519	30,651,720	15,325,860	15,325,860
	773,706,941	777,022,142	761,696,282	15,325,860

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at reporting date. The rates of mark-up have been disclosed in respective notes to these financial statements.

33.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is exposed to currency risk, interest rate risk and price risk.

a) Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently, the Company's foreign exchange risk exposure is restricted to cash and bank balances in foreign currency. Management believes that the Company's exposure emanating from any fluctuations in the foreign currencies is not required to be hedged.

Financial assets	**2021**		*2020*	
	(Rupees)	**(US Dollars)**	*(Rupees)*	*(US Dollars)*
Cash in hand	**6,312**	**40**	6,751	40
Bank balances	**6,327,873**	**40,101**	6,768,178	40,101

The following significant exchange rates were applicable during the year:

	Average rates		**Reporting date rates**	
	2021	*2020*	**2021**	*2020*
US Dollars to Pakistan Rupee	**163.29**	158.48	**157.80**	168.77

Sensitivity analysis

A 10 percent strengthening / (weakening) of the Pakistan Rupee against various foreign currencies at reporting date would have (decreased) / increased the loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2020.

	Effect on profit or loss	
	2021	*2020*
	(Rupees)	
As at 30 June		
Effect in US Dollars	**633,490**	677,127

In addition, the Company has also given certain foreign currency guarantees, details of which are given in note 10.

b) Interest / mark-up rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from financial assets and financial liabilities as stated below.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2021	2020	2021	2020
	(Effective interest rate %)		(Rupees)	
Financial assets				
Variable rate financial instruments				
Long term loan to a related party	**10.49% to 10.60%**	*16.38% to 16.74%*	**163,404,133**	*163,404,133*
Bank balances	**5.50% to 6.00%**	*7.25% to 14.00%*	**265,904,089**	*7,111,149*
Financial liabilities				
Variable rate financial instruments				
Short term borrowings	**8.31% to 9.34%**	*9.33% to 15.60%*	**1,102,687,110**	*670,828,552*

Cash flow sensitivity analysis for variable rate instruments

For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates would have increased / (decreased) profit for the year by the amounts shown below.

	Increase 100 bps	Decrease 100 bps
	(Rupees)	
As at 30 June 2021		
Cash flow sensitivity - Variable rate financial assets	**4,293,082**	**(4,293,082)**
Cash flow sensitivity - Variable rate financial liabilities	**11,026,871**	**(11,026,871)**
As at 30 June 2020		
Cash flow sensitivity - Variable rate financial assets	*1,705,153*	*(1,705,153)*
Cash flow sensitivity - Variable rate financial liabilities	*6,708,286*	*(6,708,286)*

The Company's net exposure to interest rate risk, analysed by the earlier of contractual repricing or maturity date is as follows:

2021

Particulars	Interest / mark-up bearing: Maturity up to one month	Maturity over one month to three months	Maturity over three months to six months	Maturity over six months to one year	Maturity after one year	Sub-total	Non-interest / mark up bearing	Total
	(Rupees)							
On balance sheet financial instruments								
Financial assets								
Investments	-	-	-	-	-	-	5,238,368,312	5,238,368,312
Loans and advances	14,216,746	-	-	14,216,746	134,970,641	163,404,133	606,400,999	769,805,132
Long-term deposits	-	-	-	-	-	-	139,590	139,590
Other receivables	-	4,307,736	-	8,836,178	-	13,143,914	4,545,138	17,689,052
Markup receivable	15,759,219	-	-	-	-	15,759,219	-	15,759,219
Cash and bank balances	265,904,089	-	-	-	-	265,904,089	30,228,064	296,132,153
	295,880,054	4,307,736	-	23,052,924	134,970,641	458,211,355	5,879,682,103	6,337,893,458
Financial liabilities								
Lease liability against right-of-use assets	-	3,573,163	3,653,559	7,555,584	17,941,122	32,723,428	-	32,723,428
Short-term borrowings	1,102,687,110	-	-	-	-	1,102,687,110	-	1,102,687,110
Unclaimed dividend	-	-	-	-	-	-	17,338,597	17,338,597
Accrued expenses	-	-	-	-	-	-	5,761,262	5,761,262
	1,102,687,110	3,573,163	3,653,559	7,555,584	17,941,122	1,135,410,538	23,099,859	1,158,510,397
On-balance sheet gap (a) *	(806,807,056)	734,573	(3,653,559)	15,497,340	117,029,519	(677,199,183)	5,856,582,244	5,179,383,061
Total interest rate sensitivity gap (a+b)	(806,807,056)	734,573	(3,653,559)	15,497,340	117,029,519	(677,199,183)		
Cumulative interest rate sensitivity gap	(806,807,056)	(806,072,483)	(809,726,042)	(794,228,702)	(677,199,183)	(677,199,183)		

2020

Particulars	Interest / mark-up bearing: Maturity up to one month	Maturity over one month to three months	Maturity over three months to six months	Maturity over six months to one year	Maturity after one year	Sub-total	Non-interest / mark up bearing	Total
	(Rupees)							
On balance sheet financial instruments								
Financial assets								
Investments	-	-	-	-	-	-	2,712,628,138	2,712,628,138
Loans and advances	14,216,746	-	-	14,216,746	134,970,641	163,404,133	6,128,164	169,532,297
Long-term deposits	-	-	-	-	-	-	139,590	139,590
Other receivables	-	5,041,526			-	5,041,526	642,117,852	647,159,378
Markup receivable	21,636,362	-	-	-	-	21,636,362	-	21,636,362
Cash and bank balances	7,111,149	-	-	-	-	7,111,149	28,132,288	35,243,437
	42,964,257	5,041,526	-	14,216,746	134,970,641	197,193,170	3,389,146,032	3,586,339,202
Financial liabilities								
Lease liability against right-of-use assets	-	3,024,512	3,128,347	6,601,548	14,582,112	27,336,519	-	27,336,519
Short-term borrowings	670,828,552	-	-	-	-	670,828,552	-	670,828,552
Unclaimed dividend	-	-	-	-	-	-	19,062,446	19,062,446
Accrued expenses	-	-	-	-	-	-	28,706,598	28,706,598
	670,828,552	3,024,512	3,128,347	6,601,548	14,582,112	698,165,071	47,769,044	745,934,115
On-balance sheet gap (a) *	(627,864,295)	2,017,014	(3,128,347)	7,615,198	120,388,529	(500,971,901)	3,341,376,988	2,840,405,087
Total interest rate sensitivity gap (a+b)	(627,864,295)	2,017,014	(3,128,347)	7,615,198	120,388,529	(500,971,901)		
Cumulative interest rate sensitivity gap	(627,864,295)	(625,847,281)	(628,975,628)	(621,360,430)	(500,971,901)	(500,971,901)		

* The on-balance sheet gap represents the net amounts of on-balance sheet items.

c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted securities.

The Company's strategy is to hold its strategic equity investments for a longer period of time. Thus, management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee company remain viable. The Company manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date except for unquoted associates which are carried at fair value determined through valuation techniques. Market prices are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realised in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarises the Company's equity price risk as of 30 June 2021 and 2020 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Accordingly, the sensitivity analysis prepared is not necessarily an indication of the effect on Company's net assets of future movement in the level of PSX 100 index.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss) before tax
	(Rupees)		(Rupees)		
30 June 2021	**5,238,368,312**	**30% increase**	**6,809,878,806**	**1,335,783,920**	**1,571,510,494**
		30% decrease	**3,666,857,818**	**(1,335,783,920)**	**(1,571,510,494)**
30 June 2020	*2,712,628,138*	*30% increase*	*3,526,416,579*	*691,720,175*	*813,788,441*
		30% decrease	*1,898,839,697*	*(691,720,175)*	*(813,788,441)*

33.4 Financial instruments by category

The following table shows the carrying amount of financial assets and financial liabilities.

	Mandatorily at fair value through profit and loss - others	Fair value through other comprehensive income - equity Instruments	Designated at fair value through profit and loss	Financial assets at amortized cost	Other financial liabilities
	(Rupees)				
30 June 2021					
Financial assets measured at fair value					
Equity securities	**5,238,368,312**	**1,449,993,500**	**9,967,414,060**		**-**
	5,238,368,312	**1,449,993,500**	**9,967,414,060**	**-**	**-**
Financial assets not measured at fair value					
Equity securities	**-**	**-**	**-**	**4,903,984,832**	
Cash and bank balances	**-**	**-**	**-**	**296,132,153**	**-**
Long term loan to a related party	**-**	**-**	**-**	**134,970,641**	**-**
Long term deposits and other receivables	**-**	**-**	**-**	**2,964,728**	
Loans and advances	**-**	**-**	**-**	**634,834,491**	**-**
Mark-up receivable	**-**	**-**	**-**	**15,759,219**	**-**
Other receivables	**-**	**-**	**-**	**14,863,914**	**-**
	-	-	-	**6,003,509,978**	-
Financial liabilities not measured at fair value					
Lease liability	-	-	-	-	**17,941,122**
Accrued expenses	-	-	-	-	**5,761,262**
Current portion of lease liability	-	-	-	-	**14,782,306**
Short term borrowings	-	-	-	-	**1,102,687,110**
Unclaimed dividend	-	-	-	-	**17,338,597**
	-	-	-	-	**1,158,510,397**

The following table shows the carrying amount of financial assets and financial liabilities.

	Mandatorily at fair value through profit and loss - Others	*Fair value through other comprehensive income - equity Instruments*	*Designated at fair value through profit and loss*	*Financial assets at amortized cost*	*Other financial liabilities*
	(Rupees)				
30 June 2020					
Financial assets measured at fair value					
Equity securities	2,712,628,138	1,350,000,000	9,021,685,080	-	-
	2,712,628,138	1,350,000,000	9,021,685,080	-	-
Financial assets not measured at fair value					
Equity securities	-	-	-	4,953,984,832	
Cash and bank balances	-	-	-	35,243,437	-
Long term loan to a related party	-	-	-	134,970,641	-
Long term deposits and other receivables	-	-	-	2,537,030	-
Loans and advances	-	-	-	34,561,656	-
Mark-up receivable	-	-	-	21,636,362	-
Other receivables	-	-	-	644,761,938	
	-	-	-	5,827,695,896	-
Financial liabilities not measured at fair value					
Lease liability	-	-	-	-	14,582,113
Accrued expenses	-	-	-	-	28,706,598
Current portion of lease liability	-	-	-	-	12,754,406
Short term borrowings	-	-	-	-	670,828,552
	-	-	-	-	726,871,669

None of the financial assets and financial liabilities have been netted off in the financial statements.

33.5 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liability		***Equity***		
	Short term borrowings used for cash management purpose including related accrued markup	**Long term loan and lease liability including related accrued markup**	**Fair value reserve**	**Unappropriated profit**	**Total**
	(Rupees)				
Balance as at 1 July 2020	**694,888,007**	**27,336,519**	**20,085,153**	**9,999,201,190**	**10,741,510,869**
Changes from financing cash flows					
Buy-back of shares	-	-	-	-	-
Payment of lease liability	-	**(15,325,860)**	-	-	**(15,325,860)**
Dividend paid	-	-	-	**(612,562,500)**	**(612,562,500)**
Total changes from financing activities	-	**(15,325,860)**		**(612,562,500)**	**(627,888,360)**
Other changes					
Interest expense	**18,028,182**	**2,571,453**	-	-	**20,599,635**
Interest paid	**(18,028,182)**	-	-	-	**(18,028,182)**
Reassessment of lease term	-	**18,141,316**	-	-	
Changes in short term borrowings	**431,858,558**	-	-	-	**431,858,558**
Total loan related other changes	**431,858,558**	**20,712,769**		-	**434,430,011**
Total equity related other changes	-	-	-	**3,874,064,243**	**3,874,064,243**
Balance as at 30 June 2021	**1,126,746,565**	**32,723,428**	**20,085,153**	**13,260,702,933**	**14,422,116,763**
Balance as at 1 July 2019	1,859,848,065	-		11,340,451,283	13,200,299,348
Adoption of IFRS 16	-	34,650,794	-	-	34,650,794
Changes from financing cash flows					
Buy-back of shares	-	-	-	(771,375,000)	(771,375,000)
Payment of lease liability	-	(11,494,395)	-	-	(11,494,395)
Repayment of long term loans	-	-	-	-	-
Dividend paid	-	-	-	-	-
Total changes from financing activities	-	(11,494,395)		(771,375,000)	(782,869,395)
Other changes					
Interest expense	191,613,433	4,180,120	-	-	195,793,553
Interest paid	(223,781,609)	-	-	-	(223,781,609)
Changes in short term borrowings	(1,132,791,882)	-	-	-	(1,132,791,882)
Total loan related other changes	(1,164,960,058)	4,180,120		-	(1,160,779,938)
Total equity related other changes	-	-	20,085,153	(569,875,093)	(549,789,940)
Balance as at 30 June 2020	694,888,007	27,336,519	20,085,153	9,999,201,190	10,741,510,869

34. FAIR VALUE MEASUREMENTS

A number of the Company's accounting policies and disclosure require the measurement of fair values for both financial if any and non-financial assets and financial liabilities.

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Management engage independent external experts / valuers to carry out valuation of its non-financial assets (i.e. Investment Property) and financial assets where prices are not quoted or readily available in the market. Involvement of external valuers is decided upon by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e.derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market / quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Company include discounted cash flow model for valuation of unquoted equity securities. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	30 June 2021							
	Carrying amount					Fair value		
	Mandatorily / designated at fair value through profit and loss	Fair value through other comprehensive income - equity Instruments	Financial assets at amortized cost	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)							
Financial assets measured at fair value								
Associates	9,967,414,060	1,449,993,500	-	-	-	9,967,414,060	-	1,449,993,500
Short term investments	5,238,368,312	-	-	-	-	5,238,368,312	-	-
Financial assets not measured at fair value								
Subsidiary	-	-	-	2,157,519,772	-	3,345,866,110	-	-
Long term loan to related party	-	-	134,970,641	-	-	-	-	-
Long term deposits and other receivables	-	-	2,964,728	-	-	-	-	-
Other receivables	-	-	14,863,914	-	-	-	-	-
Loans and advances	-	-	633,933,492	-	-	-	-	-
Mark-up receivable	-	-	15,759,219	-	-	-	-	-
Cash and bank balances	-	-	296,132,153	-	-	-	-	-
	15,205,782,372	1,449,993,500	1,098,624,147	2,157,519,772	-			
Financial liabilities not measured at fair value								
Lease liability	-	-	-	-	17,941,122	-	-	-
Accrued expenses	-	-	-	-	5,761,262	-	-	-
Short term borrowings	-	-	-	-	1,102,687,110	-	-	-
Current portion of lease liability	-	-	-	-	14,782,306	-	-	-
	-	-	-	-	1,141,171,800			

	30 June 2020							
	Carrying amount					Fair value		
	Mandatorily / designated at fair value through profit and loss	Fair value through other comprehensive income - equity Instruments	Financial assets at amortized cost	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)							
Financial assets measured at fair value								
Associates	9,021,685,080	1,350,000,000	-	-	-	9,021,685,080	-	1,350,000,000
Short term investments	2,712,628,138	-	-	-	-	2,712,628,138	-	-
Financial assets not measured at fair value								
Subsidiary	-	-	-	2,157,519,772	-	1,341,728,607	-	-
Long term loan to related party	-	-	134,970,641	-	-	-	-	-
Long term deposits and other receivables	-	-	2,537,030	-	-	-	-	-
Other receivables	-	-	644,761,938	-	-	-	-	-
Loans and advances	-	-	33,933,492	-	-	-	-	-
Mark-up receivable	-	-	21,636,362	-	-	-	-	-
Cash and bank balances	-	-	35,243,437	-	-	-	-	-
	11,734,313,218	1,350,000,000	873,082,900	2,157,519,772	-			
Financial liabilities not measured at fair value								
Lease liability	-	-	-	-	14,582,113	-	-	-
Accrued expenses	-	-	-	-	28,706,598	-	-	-
Short term borrowings	-	-	-	-	670,828,552	-	-	-
Current portion of lease liability	-	-	-	-	12,754,406	-	-	-
	-	-	-	-	726,871,669			

34.1 *Management assessed that the fair values of loans and advances, other receivables, mark-up receivable, cash and bank balances, trade and other payables, short term borrowings, mark-up accrued on borrowings and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. For long term deposits and other receivables, long term loan to related party and other non-current liabilities, management consider that their carrying values approximates fair value.*

34.2 Measurement of fair values

34.2.1 *The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.*

	Unquoted equity securities - at fair value (Rupees)
Balance at 1 July 2019	1,324,332,073
Gain recognised on remeasurement of investment	25,667,927
Balance at 30 June 2020	1,350,000,000
Balance at 1 July 2020	**1,350,000,000**
Investment made during the year	**99,993,500**
Gain / loss recognised during the year	**-**
Balance at 30 June 2021	**1,449,993,500**

34.2.2 Investment in subsidiaries - at cost

Investment in a subsidiary company namely Arif Habib Limited is quoted on the Pakistan Stock Exchange and fair value of investment, based on the available market price, is Rs. 3,345.87 million (2020: Rs. 1,341.73 million). The said subsidiary is carried at cost and fair value is determined for disclosure purposes. However, the fair value of the investment in the other subsidiary company, being an unlisted company has not been disclosed due to non-availability (and as such not disclosed above).

35. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes in Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

36. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of group companies (including subsidiaries and associates), directors and their close family members, major shareholders of the Company, companies where directors also hold directorship, key management personnel and staff provident fund. Transactions with related parties are carried out at contractual / agreed rates. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration of Chief Executive Officer, Directors and Executives is disclosed in note 29 to the financial statements.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Transactions and balances with related parties during the year other than those disclosed elsewhere in the financial statements are given below:

Subsidiaries		**2021**	*2020*
		(Rupees)	
Name of the related party	**Transactions during the year**		
Arif Habib Limited	*Services availed*	**5,932,872**	*2,560,553*
	Loan extended	**917,000,000**	-
	Loan repaid	**917,000,000**	-
	Markup on loan	**4,447,132**	-
	Guarantee commission income	**1,876,617**	*2,090,095*
	Guarantee commission received	**1,866,104**	*2,048,227*
	Dividend income / received	**103,114,710**	-
Sachal Energy Development (Private) Limited	*Guarantee commission income*	**10,624,444**	*12,307,871*
	Guarantee commission received	**11,255,634**	*12,649,190*

Associates

Name of the related party	Transactions during the year	2021	2020
		(Rupees)	
Fatima Fertilizer Company Limited	*Dividend income*	**797,500,515**	*638,000,412*
	Dividend received	**1,435,500,927**	*-*
MCB-Arif Habib Savings and Investments Limited	*Dividend income / received*	**97,488,752**	*50,910,792*
Associated companies by virtue of common directorship			
Aisha Steel Mills Limited	*Loan extended*	**1,630,000,000**	*2,075,000,000*
	Loan repaid	**1,630,000,000**	*2,093,955,660*
	Markup on loan	**20,504,114**	*60,530,813*
	Markup received	**33,356,858**	*74,441,058*
	Guarantee commission income	**4,409,707**	*5,023,384*
	Guarantee commission received	**4,453,511**	*4,915,446*
Power Cement Limited	*Loan extended*	**462,000,000**	*416,000,000*
	Loan repaid	**462,000,000**	*416,000,000*
	Markup on loan	**922,124**	*14,441,538*
	Markup received	**922,124**	*14,441,538*
	Guarantee commission income	**1,968,459**	*1,658,146*
	Guarantee commission received	**2,037,768**	*1,632,800*
Javedan Corporation Limited	*Loan extended*	**450,000,000**	*173,000,000*
	Loan repaid	**450,000,000**	*183,067,474*
	Markup on loan	**3,968,751**	*772,103*
	Markup received	**1,393,518**	*41,192,368*
Rotocast Engineering Company (Private) Limited	*Payment of rent and sharing of utilities, insurance and maintenance charges*	**24,535,762**	*26,399,797*

Above are considered as associated companies under the Companies Act, 2017.

Other related undertakings

Arif Habib Securities Limited - Employee Provident Fund	*Company's contribution*	**2,811,526**	*2,468,699*
Mr. Arif Habib	*Dividend paid*	**482,924,951**	*-*
	Loan received from sponsor	**541,000,000**	*-*
	Loan repaid to sponsor	**541,000,000**	*-*
	Markup expense / paid on loan	**4,355,592**	*-*
Mr. Asadullah Khawaja	*Meeting fee paid*	**200,000**	*200,000*
	Dividend paid	**121,509**	*-*
Dr. Shamshad Akhtar	*Meeting fee paid*	**200,000**	*200,000*
	Dividend paid	**150**	*-*
Mr. Sirrajuddin Qasim	*Meeting fee paid*	**225,000**	*-*
	Dividend paid	**344,840**	*-*
Khawaja Jalaluddin Roomi	*Meeting fee paid*	**-**	*50,000*
Mr. Abdus Samad	*Dividend paid*	**1,509**	*-*
Mr. Muhammad Kashif	*Dividend paid*	**52,935**	*-*
Mr. Nasim Beg	*Dividend paid*	**3,117**	*-*
Mr. Muhammad Ejaz	*Dividend paid*	**182**	*-*

37. NUMBER OF EMPLOYEES

Number of persons employed by the Company as on the year end are 23 (2020: 25) and average number of employees during the year are 24 (2020: 23).

38. GENERAL

38.1 Corresponding figures

Guarantee commission of Rs. 21.079 million for the year ended 30 June 2020 has been included in Operating revenue in the Statement of profit or loss. Other than this, no material reclassifications have been made.

38.2 Date of authorisation for issue

These financial statements have been authorised for issue on 29 September 2021 by the Board of Directors of the Company.

38.3 Non adjusting event after reporting date

The Board of Directors of the Company has proposed a cash dividend of Rs. 3.00 (2020: Rs. 1.50) per share amounting to Rs. 1,225,125,000 (2020: Rs. 612,562,500) at its meeting held on 29 September 2021 for the approval of the members at the annual general meeting to be held on 28 October 2021. These unconsolidated financial statements for the year ended 30 June 2021 do not include the effect of the proposed final cash dividend which will be accounted in the year ending 30 June 2022.

Chief Executive Officer	Director	Chief Financial Officer

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2021

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REPORT

To the members of Arif Habib Corporation Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Arif Habib Corporation Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at **30 June 2021**, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG Taseer Hadi & Co.

Following are the Key audit matters

S No	Key audit matters	How the matters were addressed in our audit
1.	**Valuation of equity investments** Refer notes 26 and 33 to the Consolidated Financial Statements. We identified valuation of investments in equity securities as key audit matter because of its significance to the Consolidated Financial Statements as a whole and involvement of management's judgment and use of assumptions and estimates.	Our audit procedures to assess the valuation of equity investments, amongst others, included the following: • assessed the design and tested operating effectiveness of the relevant controls in place relating to valuation of equity investments; • compared and recalculated the fair valuation of quoted equity investments with available external quoted market prices; • involved our own valuation specialist to assist us in evaluating the valuation techniques, assumptions and methodologies used by management for valuation of unquoted equity investments; and • considered the Group's disclosures of equity investments in accordance with the requirements of accounting and reporting standards as applicable in Pakistan. We issued instructions to auditors of a subsidiary company, highlighting 'Valuation of equity investments' as a significant risk. The auditor of the subsidiary company performed audit procedures to address the above risk and reported the results thereof to us. We, as auditors of the Group, evaluated the work performed by the component auditor and the results thereof.

KPMG Taseer Hadi & Co.

S No	Key audit matters	How the matters were addressed in our audit
2.	**Impairment assessment of goodwill** Refer notes 5.2.1 and 22 to the consolidated financial statements. The Group has recognized goodwill from past acquisitions. The Group is required to, perform impairment assessment of goodwill at least annually. We identified annual impairment testing of goodwill as a key audit matter because significant judgment involved in determining the assumptions to be used in forecasting and discounting future cash flows.	Our audit procedures to assess the impairment assessment of goodwill, amongst others, included the following: • obtained management's cash flow forecasts and testing the mathematical accuracy of the underlying value-in-use calculations; • Involved our internal valuation specialist to assist in evaluating the appropriateness of assumptions applied to key inputs such as revenue, operating costs, discount rate and terminal growth rate; and • Evaluated the adequacy of the financial statements disclosures, including disclosures of key assumptions, judgments and sensitivities.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 30 June 2021 but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

KPMG Taseer Hadi & Co.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 as applicable in Pakistan 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 these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Amyn Pirani.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 1st October 2021

Karachi

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June 2021

	Note	2021	2020 (Restated)
		(Rupees)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital	6	**10,000,000,000**	10,000,000,000
Issued, subscribed and paid-up share capital	6	**4,083,750,000**	4,083,750,000
Surplus on revaluation	7	**15,432,500**	15,432,500
Other reserves	8	**25,906,142,354**	19,176,402,234
Equity attributable to owners of the Parent Company		**30,005,324,854**	23,275,584,734
Non-controlling interest	9	**2,885,565,940**	2,086,717,522
Total Equity		**32,890,890,794**	25,362,302,256
Non-current liabilities			
Long term loans - secured	10	**7,437,261,481**	9,834,371,868
Land lease liability	11	**10,710,114**	10,325,571
Lease liability against right-of-use assets	12	**21,466,537**	39,690,700
Loan under State Bank of Pakistan scheme	13	**9,476,424**	10,719,803
Deferred liability - gratuity	14	**23,064,751**	19,043,769
Deferred taxation - net	15	**1,808,391,130**	1,508,687,660
		9,310,370,437	11,422,839,371
Current liabilities			
Trade and other payables	16	**2,150,650,604**	1,009,462,430
Mark-up accrued on bank borrowings		**79,028,184**	180,310,125
Short term borrowings	17	**3,437,053,359**	3,436,903,268
Current portion of long term loans - secured	10	**1,583,000,000**	1,854,166,667
Current portion of lease liability against right-of-use assets	12	**41,479,177**	26,029,805
Current portion of loan under State Bank of Pakistan Scheme	13	**15,547,461**	4,265,520
Subordinated loan	18	**-**	300,000,000
Current portion of land lease liability	11	**1,360,000**	1,360,000
Payable against purchase of investment - net (listed shares)		**53,758,623**	-
Taxation - net		**171,691,021**	90,390,071
Unclaimed dividend		**32,258,610**	32,889,754
		7,565,827,039	6,935,777,640
Contingencies and commitments	19		
		49,767,088,270	43,720,919,267

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June 2021

	Note	2021	2020 (Restated)
		(Rupees)	
ASSETS			
Non-current assets			
Property, plant and equipment	20	**13,925,492,267**	*15,599,224,795*
Intangible assets	21	**2,602,558**	*2,401,806*
Goodwill	22	**910,206,117**	*910,206,117*
Trading right entitlement certificate, membership card and offices	23	**8,100,000**	*8,100,000*
Investment properties	24	**1,968,800,000**	*1,678,415,232*
Equity accounted investees	25	**14,581,256,714**	*13,404,127,610*
Other long term investments	26	**54,754,771**	*45,056,656*
Long term loan to related party	27	**134,970,641**	*134,970,641*
Long term deposits and other receivables	28	**35,083,233**	*34,136,280*
		31,621,266,301	*31,816,639,137*
Current assets			
Trade debts	29	**4,539,307,282**	*3,642,791,553*
Loans and advances	30	**913,450,854**	*56,148,802*
Deposits and prepayments	31	**164,004,678**	*135,448,245*
Accrued mark-up and other receivables	32	**606,648,024**	*162,207,359*
Short term investments	33	**8,008,666,359**	*6,460,545,435*
Receivable against sale of investment - net (on listed shares)	3	**-**	*79,559,207*
Cash and bank balances	34	**3,913,744,772**	*1,367,579,529*
		18,145,821,969	*11,904,280,130*
		49,767,088,270	*43,720,919,267*

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30th June 2021

	Note	2021	2020
		(Rupees)	
Revenue			
Operating revenue	35	**5,523,602,476**	5,048,651,312
Gain on remeasurement of investments - net	36	**2,466,127,818**	405,299,247
Gain on remeasurement of investment property	24	**290,384,768**	132,000,000
Gain / (loss) on sale of investments - net		**1,277,600,167**	(439,760,959)
		9,557,715,229	5,146,189,600
Cost of energy sales	37	**(1,300,817,991)**	(1,227,203,030)
Administrative expenses	38	**(872,488,719)**	(541,992,241)
Other income	39	**113,399,539**	35,582,777
Finance cost	40	**(781,263,678)**	(1,514,495,520)
Other charges	41	**(24,568,948)**	(5,871,074)
		6,691,975,432	1,892,210,512
Share of profit of equity accounted investees - net of tax	25.6	**2,607,451,994**	1,441,134,146
Profit before tax		**9,299,427,426**	3,333,344,658
Taxation	42	**(904,108,787)**	(416,630,710)
Profit after tax		**8,395,318,639**	2,916,713,948
Profit attributable to:			
Equity holders of the Parent Company		**7,486,464,100**	2,638,518,628
Non-controlling interests	9.2	**908,854,539**	278,195,320
		8,395,318,639	2,916,713,948
Earnings per share - basic and diluted	43	**18.33**	6.39

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30th June 2021

	Note	2021	2020 (Restated)
		(Rupees)	
Profit after tax		**8,395,318,639**	2,916,713,948
Other comprehensive income			
Items that may be reclassified subsequently to consolidated statement of profit or loss			
Share of other comprehensive income of equity accounted investees - net of tax		**453,422**	470,738
Items that will not be reclassified subsequently to consolidated statement of profit or loss			
Share of other comprehensive income of equity accounted investees - net of tax		**2,219,867**	2,969,037
(Loss) / surplus on Investment in equity securities at FVOCI - net		**(211,455,600)**	524,910,190
		(209,235,733)	527,879,227
Other comprehensive income for the year - net of tax		**(208,782,311)**	528,349,965
Total comprehensive income		**8,186,536,328**	3,445,063,913
Total comprehensive income attributable to:			
Equity holders of the Parent Company		**7,342,302,620**	3,019,394,644
Non-controlling interests		**844,233,708**	425,669,269
		8,186,536,328	3,445,063,913

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June 2021

	Equity attributable to owners of the Parent Company						Non-controlling interests	Total equity
	Issued, subscribed and paid-up share capital	----------Revenue reserves----------				Total		
		Surplus on revaluation	Fair value reserve *	General reserve	Unappropriated profit			
	(Rupees)							
Balance as at 1 July 2019	4,537,500,000	15,432,500	(924,160)	4,019,567,665	12,957,205,428	21,528,781,433	1,777,221,910	23,306,003,343
Total comprehensive income for the year								
Profit for the year	-	-	-	-	2,638,518,628	2,638,518,628	278,195,320	2,916,713,948
Other comprehensive income (restated)	-	-	380,405,278	-	470,738	380,876,016	147,473,949	528,349,965
	-	-	380,405,278	-	2,638,989,366	3,019,394,644	425,669,269	3,445,063,913
Gain realised on disposal of equity securities at FVOCI	-	-	(101,571,490)	-	101,571,490	-	-	-
	-	-	278,833,788	-	2,740,560,856	3,019,394,644	425,669,269	3,445,063,913
Transactions with owners recorded directly in equity								
Distributions								
Buy-back of shares at Rs. 27 per share (refer note 6.2.2)	(453,750,000)	-	-	-	(771,375,000)	(1,225,125,000)	-	(1,225,125,000)
	(453,750,000)	-	-	-	(771,375,000)	(1,225,125,000)	-	(1,225,125,000)
Buy-back of shares by Subsidiary Company at Rs. 35 per share (refer note 9.1)	-	-	-	-	-	-	(231,000,000)	(231,000,000)
Disposal of subsidiary without change in control	-	-	-	-	(47,466,343)	(47,466,343)	114,826,343	67,360,000
Balance as at 30 June 2020 - restated	4,083,750,000	15,432,500	277,909,628	4,019,567,665	14,878,924,941	23,275,584,734	2,086,717,522	25,362,302,256
Balance as at 1 July 2020	**4,083,750,000**	**15,432,500**	**277,909,628**	**4,019,567,665**	**14,878,924,941**	**23,275,584,734**	**2,086,717,522**	**25,362,302,256**
Total comprehensive income for the year								
Profit for the year	**-**	**-**	**-**	**-**	**7,486,464,100**	**7,486,464,100**	**908,854,539**	**8,395,318,839**
Other comprehensive income	**-**	**-**	**(148,879,646)**	**-**	**4,718,166**	**(144,161,480)**	**(64,620,831)**	**(208,782,311)**
	-	**-**	**(148,879,646)**	**-**	**7,491,182,266**	**7,342,302,620**	**844,233,708**	**8,186,536,328**
Gain realised on disposal of equity securities at FVOCI	**-**	**-**	**(109,625,123)**	**-**	**109,625,123**	**-**	**-**	**-**
	-	**-**	**(258,504,769)**	**-**	**7,600,807,389**	**7,342,302,620**	**844,233,708**	**8,186,536,328**
Transactions with owners recorded directly in equity								
Distributions								
Final cash dividend at the rate of Rs. 1.5 per share for the year ended 30 June 2020	**-**	**-**	**-**	**-**	**(612,562,500)**	**(612,562,500)**	**-**	**(612,562,500)**
Distribution by a subsidiary (AHL)	**-**	**-**	**-**	**-**	**-**	**-**	**(45,385,290)**	**(45,385,290)**
Balance as at 30 June 2021	**4,083,750,000**	**15,432,500**	**19,404,859**	**4,019,567,665**	**21,867,169,830**	**30,005,324,854**	**2,885,565,940**	**32,890,890,794**

***** Fair value reserve comprises of the cumulative net change in the fair value of equity securities designated at FVOCI.

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30th June 2021

	Note	2021	2020
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	45	**5,300,851,496**	4,601,471,673
Income taxes paid		**(523,104,367)**	(101,274,616)
Mark-up received		**117,109,342**	130,139,485
Finance cost paid		**(708,600,837)**	(1,451,807,328)
Land lease rent paid		**(1,360,000)**	(1,360,000)
Gratuity paid		**(2,629,441)**	(1,151,563)
Net cash from operating activities		**4,182,266,193**	3,176,017,651
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(28,217,414)**	(20,198,709)
Acquisition of intangible assets		**(618,990)**	(546,674)
Dividend from equity accounted investee		**1,532,989,679**	50,910,792
Acquisition of investment property		**(152,500,000)**	(11,943,765)
Investment in equity accounted investee		**(99,993,500)**	-
Proceeds from disposal of investment property		**153,000,000**	160,250,000
Proceeds from sale of property, plant and equipment		**1,366,000**	12,864,724
Disposal of equity interest in subsidiary without change in control		**-**	67,360,000
Net cash from investing activities		**1,406,025,775**	258,696,368
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loan		**(2,058,637,261)**	(1,578,500,000)
Loan repaid to sponsor		**(300,000,000)**	-
Proceeds from loan under State Bank of Pakistan scheme		**15,754,164**	14,985,323
Repayment of loan under State Bank of Pakistan scheme		**(5,715,602)**	
Distribution by subsidiary to non-controlling interest		**(45,385,290)**	-
Dividend paid		**(612,562,500)**	-
Lease rentals paid		**(35,730,327)**	(41,708,075)
Proceeds from long term loan		**-**	499,987,261
Buy-back of shares by Subsidiary Company		**-**	(231,000,000)
Buy-back of shares by Parent Company		**-**	(1,225,125,000)
Loan received from sponsor - net		**-**	300,000,000
Net cash used in financing activities		**(3,042,276,816)**	(2,261,360,491)
Net increase in cash and cash equivalents		**2,546,015,152**	1,173,353,528
Cash and cash equivalents at beginning of the year		**(2,069,323,739)**	(3,242,677,267)
Cash and cash equivalents at end of the year	46	**476,691,413**	(2,069,323,739)

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive Officer	Director	Chief Financial Officer

1 STATUS AND NATURE OF BUSINESS

Arif Habib Corporation Limited ("the Parent Company") was incorporated in Pakistan on 14 November 1994 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Parent Company is listed on the Pakistan Stock Exchange Limited. The principal activity of the Parent Company is to make strategic investments in subsidiary companies and associates engaged in diversified sectors and investment in other securities. The Parent Company also extends loans, advances and guarantees to its associated company / undertaking as allowed under Companies Act, 2017 as its principal business activity. The registered office of the Parent Company is situated at 2nd Floor, 23, M. T. Khan Road, Karachi, Pakistan. The Parent Company is domiciled in the province of Sindh.

1.1 *These consolidated financial statements of Arif Habib Corporation Limited for the year ended 30 June 2021 comprise of the Parent Company and following subsidiary companies (here-in-after referred to as "the Group"):*

Name of Subsidiary Companies	Effective holding
- Arif Habib Limited, a brokerage house	69.44%
- Arif Habib Commodities (Private) Limited, investment management of commodities [wholly owned subsidiary of Arif Habib Limited]	69.44%
- Arif Habib 1857 (Private) Limited, investments and share brokerage company [wholly owned subsidiary of Arif Habib Limited]	69.44%
- Sachal Energy Development (Private) Limited, a wind power generation company	85.83%
- Black Gold Power Limited, a coal power generation company	100%
Name of Associates	
- MCB - Arif Habib Savings and Investments Limited, a pension fund manager, asset management company and investment advisor	30.09%
- Fatima Fertilizer Company Limited, a fertilizer company	15.19%
- Pakarab Fertilizers Limited, a fertilizer company	30.00%
- National Resources (Private) Limited, a mining company	9.57%

1.1.1 *Arif Habib Limited (AHL) was incorporated in Pakistan on 07 September 2004 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017), as a public limited company. The shares of AHL are quoted on Pakistan Stock Exchange Limited. The registered office of AHL is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi, Pakistan. It is domiciled in the province of Sindh. AHL holds Trading Right Entitlement Certificate of Pakistan Stock Exchange Limited. The principal activities of AHL are investments, share brokerage, inter-bank brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services.*

1.1.2 *Arif Habib Commodities (Private) Limited (AHCPL) was incorporated on 2 April 2012 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of AHCPL is located at Arif Habib Centre, 23, M.T. Khan Road, Karachi. The principal activity of AHCPL is to effectively manage investment portfolios in commodities. AHCPL is a wholly owned subsidiary of Arif Habib Limited. AHCPL holds license of Pakistan Mercantile Exchange (PMEX).*

1.1.3 *Arif Habib 1857 (Private) Limited (AH1857) was incorporated on 17 July 2014 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the AH1857 is located at Arif Habib Centre, 23, M.T. Khan Road, Karachi. The principal activities of AH1857 are investments and shares brokerage. AH1857 is a wholly owned subsidiary of Arif Habib Limited. AH1857 holds Trading Right Entitlement Certificate (TREC).*

1.1.4 *Sachal Energy Development (Private) Limited (SEDPL) was incorporated in Pakistan on 20 November 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). SEDPL's registered office is located at Plot no 1, Ranjha Plaza, sector F-10/2, Tariq Market, Islamabad, Pakistan. The principal activity of SEDPL upon commencement of commercial operation is to generate and sell electricity upto 49.5 MW. SEDPL has achieved Commercial Operation Date ("COD") for its 49.5 MW wind power generation facility on 11 April 2017. The wind power plant is located in Jhampir, district Thatta, Sindh for which Alternative Energy Development Board ("AEDB") has allocated 680 acres of land to SEDPL under a sublease agreement.*

1.1.5 Black Gold Power Limited (BGPL) is a public unlisted limited company, incorporated on 8 December 2016 in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). BGPL's registered office is situated at Arif Habib Centre, 23, M.T Khan Road, Karachi. The principal activity of BGPL is to carry on all or any of the business of generating, purchasing, importing, transforming, converting, distributing, supplying, exporting and dealing in electricity and all other forms of energy products or services.

As at 30 June 2021, the BGPL has reported accumulated losses of Rs. 54.79 million (2020: Rs. 53.98 million) and its total liabilities exceeded its total assets by Rs. 4.79 million (2020: Rs. 3.98 million). BGPL is yet to start its operations and its management does not intend to liquidate, cease operations or wind up said company.

1.1.6 MCB - Arif Habib Savings and Investments Limited (MCB-AH) was incorporated in the name of Arif Habib Investment Management Limited (AHIML) on 30 August 2000 as an unquoted public limited company under the requirements of the repealed Companies Ordinance, 1984 (now Companies Act, 2017). MCB-AH is listed on the Pakistan Stock Exchange Limited. MCB-AH is registered as a pension fund manager under the Voluntary Pension System Rules, 2005 and as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. MCB-AH's registered office is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan. MCB-AH has been assigned an Asset Manager rating of AM1 (2020: AM2++) by the Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on 6 October 2020. The fund under management is Rs. 155.4 billion (2020: Rs. 109.3 billion).

1.1.7 Fatima Fertilizer Company Limited (FFCL), was incorporated in Pakistan on 24 December 2003 as a public company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). FFCL is listed on Pakistan Stock Exchange. The principal activity of FFCL is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. Registered office of the FFCL is situated at E-110, Khayaban-e-Jinnah, Lahore Cantt. The manufacturing facilities of the FFCL is located at Mukhtargarh, Sadiqabad and near Chichoki Mallian, at Sheikhupura road, Pakistan.

1.1.8 Pakarab Fertilizers Limited (PFL) was incorporated as a private limited company in Pakistan under the Companies Act, 1913, (now Companies Act, 2017). PFL changed to a non-listed public company from 7 June 2007. PFL Term Finance Certificates were listed at the Karachi Stock Exchange Limited (now merged as Pakistan Stock Exchange Limited) during the period from March 2008 to March 2013. Thereafter PFL is a non-listed public company. PFL on 12 April 2011 incorporated a wholly owned subsidiary company, Fatima Packaging Limited (FPL) (formerly Reliance Sacks Limited). PFL is principally engaged in the manufacturing and sale of chemical fertilizers while the FPL is principally engaged in the manufacturing and sale of polypropylene sacks, cloth, liners and cement bags. PFL's registered address is E-110, Khayaban-e-Jinnah, Lahore Cantt. Manufacturing facility of PFL is located in Multan while manufacturing facility of FPL is located in Sadiqabad, Rahim Yar Khan.

1.1.9 National Resources (Private) Limited (NRPL) was incorporated in Pakistan as a Private Limited Company, on 8th February 2019 in Pakistan under Companies Act, 2017. The registered office of NRPL is situated at Flat No.1, Plot No. 34-C, Yousaf Homes, Essa Khan Road, Quetta, Balochistan. The principal line of business of NRPL is to carry on the business of exploring, operating and working on mines, quarries and other related activities. Currently, NPRL is in its pre-feasibility stage and has not yet commenced its operations and has yet to apply for a mining license.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- *International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;*
- *Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and*
- *Provisions of and directives issued under the Companies Act, 2017.*

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Securities and Exchange Commission of Pakistan (SECP) vide its notification reference S.R.O. 986 (I) / 2019 dated 02 September 2019 has exempted all the companies that have executed their power purchase agreements before 01 July 2019 from the requirement of International Financial Reporting Standards (IFRS) 21 (Effect of changes in foreign exchange rates) to the extent of the capitalisation of exchange differences and in case of the capitalisation of exchange differences as mentioned above, recognising embedded derivative under IFRS 9 (Financial Instruments) is not permissible. Further, SECP vide its another notification S.R.O. 985 (I) / 2019 of 02 September 2019 have also mentioned that in respect of the companies holding financial assets due from the Government of Pakistan due to circular debt, the requirements contained in IFRS 9 with respect to the application of "Expected Credit Losses Method", shall not be applicable till 30 June 2021, provided that IAS 39 shall continue to be applicable during the exemption period. The requirement has been further extended till 30 June 2022 by SECP vide its S.R.O. 1177 (I) / 2021 of 13 September 2021. Accordingly the requirements of the above standards have not been considered in the preparation of these consolidated financial statements.

Securities and Exchange Commission of Pakistan (SECP) vide its notification reference S.R.O. 986 (I) / 2019 dated 02 September 2019 has exempted all the companies that have executed their power purchase agreements before 01 July 2019 from the requirement of International Financial Reporting Standards (IFRS) 21 (Effect of changes in foreign exchange rates) to the extent of the capitalisation of exchange differences and in case of the capitalisation of exchange differences as mentioned above, recognising embedded derivative under IFRS 9 (Financial Instruments) is not permissible. Further, SECP vide its another notification S.R.O. 985 (I) / 2019 of 02 September 2019 have also mentioned that in respect of the companies holding financial assets due from the Government of Pakistan due to circular debt, the requirements contained in IFRS 9 with respect to the application of "Expected Credit Losses Method", shall not be applicable till 30 June 2021, provided that IAS 39 shall continue to be applicable during the exemption period. The requirement has been further extended till 30 June 2022 by SECP vide its S.R.O. 1177 (I) / 2021 of 13 September 2021. Accordingly the requirements of the above standards have not been considered in the preparation of these consolidated financial statements.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for the investment properties, long term and short term investments and plant and machinery mentioned in note 20.1.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees, which is the Group's functional and presentation currency. All amounts have been rounded to the nearest rupee, unless otherwise disclosed.

2.4 Use of judgments and estimates

The preparation of consolidated financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements, and about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- *Classification of Investments (note 5.15.1)*
- *Fair value of investment (note 5.15)*
- *Derivate financial instruments (note 5.3)*
- *Impairment of non-financial assets (note 5.15.1.2)*
- *Staff retirement benefits (note 5.5)*
- *Taxation (note 5.6)*
- *Useful lives and residual values of property, plant and equipment (note 5.7)*
- *Lease classification (note 5.1)*
- *Investment property (note 5.8)*
- *Useful lives and residual values of intangible assets (note 5.9)*
- *Provisions (note 5.14)*
- *Goodwill (note 5.2.2)*

3. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

During the year, management of AHL, subsidiary company, restated its financial statements. AHL follows trade date accounting in relation to its own propreitary investments. AHL's trade date accounting policy is in line with group accounting policy. However, sale of 8,220,500 ordinary shares of an investee company (being carried at fair value through other comprehensive income) transacted on 29 June 2020 and 30 June 2020 were inadvertently, non accounted for as a disposal of the investment in AHL's financial statements for the year ended 30 June 2020. Accordingly in AHL's financial statements, the above was corrected retrospectively in the manner as explained below.

In these consolidated financial statements also, the above has been duly rectified retrospectively in accordance with the requirements of the International Accounting Standards (IAS) 8 'Accounting Policies, changes in Accounting Estimates and Errors' and the corresponding figures impacted due to the above have been restated. The correction is in line with the correction made in the financial statements of AHL for the year ended 30 June 2021. However, since these restatements had no effect on the statement of financial position as at the beginning of the earliest period presented (i.e. July 01, 2019), the same has not been presented in these consolidated financial statements.

The retrospective correction of the error has its effects on the corresponding figures presented in these consolidated financial statements (and also in the financial statements of AHL). Details are as follows:

	Short term investments	Receivable / (payable) against sale / purchase of securities-net	Unappropriated profit	Surplus on re-measurement of investments FVCOI
	---------- (Rupees) ----------			
Effects on statement of financial position				
Balance as at 30 June 2020 (as previously reported)	6,563,712,710	(28,513,698)	14,813,598,636	339,708,544
Effect of disposal of shares:				
Decrease in short term investments	(103,167,275)	-	-	-
Increase in receivable / (payable) against sale securities - net	-	108,072,905	-	-
	(103,167,275)	108,072,905	-	-
Increase in other comprehensive income for the year ended 30 June 2020	-	-	-	3,527,389
Increase in gain realised on disposal of equity securities at FVOCI	-	-	65,326,305	(65,326,305)
	-	-	65,326,305	(61,798,916)
Balance as at 30 June 2020 - as restated	**6,460,545,435**	**79,559,207**	**14,878,924,941**	**277,909,628**

Net impact due to the restatement of the corresponding equity balance is Rs. 3.527 million only.

Effects on Comprehensive income for the year ended 30 June 2020	**(Rupees)**
Total Comprehensive income for the year ended 30 June 2020 (as previously reported)	**3,440,158,283**
Increase in other comprehensive income for the year	**4,905,630**
Total Comprehensive income for the year ended 30 June 2020 (as restated)	**3,445,063,913**

Effects on Non-Controlling Interest (NCI) for the year ended 30 June 2020	
Total NCI for the year ended 30 June 2020 (as previously reported)	**2,085,339,281**
NCI's share of gain realised on disposal of equity securities at FVOCI	**1,378,241**
Total Comprehensive income for the year ended 30 June 2020 (as restated)	**2,086,717,522**

In addition, surplus on investment in equity securities at FVOCI earlier reported in the consolidated statement of other comprehensive income at Rs. 520,004,560 has now been restated to Rs. 524,910,190.

4. AMENDMENTS / INTERPRETATION TO EXISTING STANDARD AND FORTHCOMING REQUIREMENTS

4.1 New standards, amendments or interpretations which became effective during the year

The new and amended standards and interpretations that are mandatory for annual periods beginning on or after 1 July 2020 are considered not to be relevant or do not have any significant effect on the Group's financial statements and are therefore not stated in these consolidated financial statements.

4.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2021:

- *Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.*

- *COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.*

  The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

  Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - *the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;*
  - *any reduction in lease payments affects only payments originally due on or before 30 June 2022; and*
  - *there is no substantive change to the other terms and conditions of the lease.*

- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.*

- *As mentioned in note 2.1 to these consolidated financial statements, the requirement of IFRS 9 regarding the application of Expected Credit Loss Method in respect of the financial assets due from the Government of Pakistan due to circular debt has been extended till 30 June 2022. The Group management is in the process of determining the impact thereof.*

Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

- *IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.*

- *IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.*

- *IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.*

- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.*

- *Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.*

- *Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.*

- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:*

    - *requiring companies to disclose their material accounting policies rather than their significant accounting policies;*

    - *clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and*

    - *clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.*

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- *Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.*

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company / Group applies the amendments.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.*

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.*

Above standards, interpretations and ammendments are not likely to have any material impact on the Group's financial statements, other than effecting few disclosures in certain cases and except as mentioned above.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been consistently applied for all periods presented in these financial statements.

5.1 Right of use assets and related lease liabilities

5.1.1 Right of use assets

The Group recognises right-of-use assets (ROU assets) at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liabilities, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, if any, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

In respect of Sachal Energy Development (Private) Limited (SEDPL), a subsidiary company referred in note 1.1.4, on transition to IFRS 16, SEDPL elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after January 01, 2019. The Securities and Exchange Commission of Pakistan (SECP) vide its notification dated 2 September 2019 has granted exemption from the requirement of IFRS 16 to extent the power purchase agreements were executed before 1 January 2019.

5.1.2 Lease Liabilities

The Group assesses at contract inception whether a contract is, or contain a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group acts as a lessee and applies a single recognition and measurement approach for all the leases except for short-term leases and leases of low value assets. The Group recognises lease liability to make lease payments and right-of-use assets representing the right to use the underlying assets. At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) for real estate. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payment for a change in the assessment to purchase the underlying asset.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods affected by an option to extend or terminate the lease. After the commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to excercise (or not to excercise) the option to renew the lease. Any change is accounted for as a change in estimate and applied prospectively with corresponding change in right-of-use assets and lease liabilities.

5.2 Basis of consolidation and equity accounting

5.2.1 Business Combination

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired Goodwill arising on acquisition date is measured as the excess of the purchase consideration, including the acquisition date fair value of the acquirer's previously held equity interest in the acquiree in case of step acquisition, over the fair value of the identifiable assets acquired and liabilities assumed including contingent liabilities less impairment losses, if any. Any goodwill that arises is not amortized and tested annually for impairment. Any gain on bargain purchase is recognised immediately in consolidated statement of profit or loss. Transaction cost are expensed bargain purchase is recognised immediately in consolidated statement of profit or loss. Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in consolidated statement of profit or loss.

5.2.2 Subsidiaries

Subsidiaries are entities controlled by the Parent Company. Control exists when the Parent Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date on which control ceases.

These consolidated financial statements have been prepared using uniform accounting policies for the like transactions and other events in similar circumstances and the accounting policies of subsidiaries have been changed when necessary to align them with the accounting policies adopted by the Parent Company. The assets and liabilities of subsidiary companies have been consolidated on a line-by-line basis. The carrying value of investments held by the Parent Company is eliminated against the subsidiary's shareholders' equity in these consolidated financial statements.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in consolidated statement of profit or loss. Any retained interest in the former subsidiary is measured at fair value where control is lost.

The financial year of the Parent Company and its subsidiaries are the same and also audited.

5.2.3 *Non-controlling interests*

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Parent Company. Non-controlling interests are measured at their proportionate share of the subsidiaries' identifiable net assets. They are presented as a separate item in the consolidated financial statements.

5.2.4 *Associates*

The Parent Company considers its associates to be such entities in which the Group has ownership, of not less than twenty percent but not more than fifty percent, of the voting power and / or has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for under the equity method, less impairment losses, if any. Such investments are carried in consolidated statement of financial position at cost (including transaction cost), plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The consolidated statement of profit or loss reflects the Group's share of the results of its associate and consolidated statement of other comprehensive income reflect Group's shares in other comprehensive income of equity accounted investee. The equity method for investments in associates is applied from the date when significant influence commence until the date that significant influence ceases. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of investment. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

5.2.5 *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

5.3 *Derivative financial instruments*

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value with resulting fair values changes recognised in consolidated statement of profit or loss. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

5.4 *Purchase / Sold under resale / repurchase agreement*

Transactions of purchase under resale (reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resale at a specified future date (reverse-repo) are not recognised in the consolidated statement of financial position. Amounts paid under these agreements in respect of reverse repurchase transactions are included in assets. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable securities and accrued on a time proportion basis over the life of the reverse repo agreement.

Transactions of sale under repurchase (repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repo) continue to be recognised in the consolidated statement of financial position and are measured in accordance with accounting policies for investments. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as finance cost and accrued over the life of the repo agreement.

5.5 Staff retirement benefits

The Group operates following retirement and other benefit schemes:

5.5.1 Defined contribution plan

The Parent Company, AHL and AHCPL operate recognised provident fund schemes for all eligible permanent employees for which their contributions are charged to consolidated statement of profit or loss.

5.5.2 Gratuity

The subsidiary company, SEDPL, operates an unfunded gratuity scheme under which all employees are entitled to gratuity payment at the time of completion of service or termination, equivalent to one last drawn salary for every one year of service performed with SEDPL. For the purpose of any part of a completed year the gratuity payment will be calculated on monthly prorate basis. The partial month will be deemed as full month if the number of days served are more than fifteen and for any less number of days served that month will not be counted.

5.6 Taxation

Income tax expense comprises of current, prior year and deferred tax. Income tax expense is recognised in consolidated statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of prior years.

However, in case of SEDPL, a wind power generation company, the profits and gains of the Company derived from electric power generation and sale of clean development mechanism credits are exempt from tax subject to the conditions and limitations provided for in terms of clause (132) of Part I and clause (65) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 respectively. However, full provision is made in the statement of profit or loss on Income from sources not covered under the above clause at current rates of taxation after taking into account, tax credits and rebates available, If any, and any adjustment to tax payable in respect of previous years. Further, the Company Is also exempt from minimum tax on turnover.

Deferred

Deferred tax, except for those relating to SEDPL, is accounted for using the balance sheet liability method in respect of all temporary differences at the reporting date between the tax base and carrying amount of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward of unused tax losses can be utilised. Carrying amount of all deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

However, in case of SEDPL, deferred tax has not been provided in these financial statements as the Group's management believes that the temporary differences will not be reversed in the foreseeable future due to the fact that the profits and gains of the said subsidiary company derived from electric power generation and sale of clean development mechanism credits are exempt from tax subject to the conditions and limitations provided for In terms of clause (132) of Part I and clause (65) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001).

5.7 *Property, Plant and Equipment*

Owned

Operating fixed assets, except capital work-in-progress, are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. Cost incurred to replace a component of an item of operating fixed assets is capitalized, the asset so replaced is retired from use and its carrying amount is derecognised. Normal repairs and maintenance are charged to consolidated statement of profit or loss during the period in which they are incurred.

Further as mentioned in note 2.1 to the financial statements, Securities and Exchange Commission of Pakistan have granted exemption from the requirements of International Financial Reporting Standards 21 (effects of changes in Foreign Exchange Rates) to the extent of the capitalisation of exchange differences to all the companies that have executed their power purchase agreements before 1 July 2019. Accordingly the exchange loss incurred by the group (represented by the power purchase agreements executed before the above date) are also included in the cost of its plant and machinery (refer note 20.1 for details).

Depreciation on all operating fixed assets are charged to the consolidated statement of profit or loss using the straight line and reducing balance method over the asset's useful life at the rates specified in note 20.1. The depreciation is charged full in the month of acquisition and no depreciation is charged in the month of disposal. Gains or losses on disposal of an item of operating fixed assets are recognised in the consolidated statement of profit and loss. The assets' residual value and useful life are reviewed at each financial year end, and adjusted if appropriate.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Capital work in progress is stated at cost less impairment and consists of expenditure incurred and advances made in respect of assets in the course of their construction and installation. Transfers are made to relevant asset's category as and when assets are available for intended use.

Leased

Leases in terms of which the Group companies assumes substantially all the risks and rewards of ownership are classified as finance lease. Asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. The corresponding liability to the lessor is included in the consolidated statement of financial position as liabilities against assets subject to finance lease.

Leased assets which are obtained under Ijarah agreement are not recognised in the consolidated statement of financial position and are treated as operating lease based on Islamic Financial Accounting Standard (IFAS) 2 issued by the Institute of Chartered Accountants of Pakistan and notified by Securities and Exchange Commission of Pakistan vide S.R.O. 43(1) / 2007 dated 22 May 2007. Payments made under operating lease are charged to consolidated statement of profit or loss on a straight line basis over the lease term.

5.8 *Investment property*

Investment property comprises land and building, held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Investment property is initially measured at its cost, including related transaction costs and borrowing costs, if any and subsequently carried at fair value with any change therein recognised in consolidated statement of profit or loss.

For the purpose of subsequent measurement, the fair value of the investment property is determined with sufficient regularity based on available active market prices, adjusted, if necessary, for any difference in the nature, location or valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

An investment property is derecognised either when disposed and any gain / (loss) on disposal is recognised in consolidated statement of profit or loss.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in consolidated statement of profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain presented in the surplus on revaluation reserve. Any loss is recognised in consolidated statement of profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

5.9 Intangible assets

These are stated at cost less accumulated amortisation and impairment losses, if any. Subsequent expenditure is capitalized only if when it increases the future economic benefits embodied in the specific assets to which it relates. Other expenditure is recognised in consolidated statement of profit or loss. Amortisation is charged using the straight line and reducing balance method over assets' estimated useful life at the rates stated in respective note, after taking into account residual value, if any. The residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each reporting date.

Amortisation on additions is charged from the month the assets are put to use while no amortisation is charged in the month in which the assets are disposed off. Gain and losses on disposal of such assets, if any, are included in the consolidated statement of profit or loss.

5.9.1 Trading right entitlement certificate, membership card and offices

These are held by Arif Habib Limited (AHL), Arif Habib Commodities (Private) Limited (AHCPL) and Arif Habib 1857 (Private) Limited (AH1857) and are stated at cost less impairment losses, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

5.10 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- *represents a separate major line of business or geographic area of operations;*
- *is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or*
- *is a subsidiary acquired exclusively with a view to re-sale.*

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

5.11 Assets held for sale

Non-current assets, or disposal group comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in consolidated statement of profit or loss.

Once classified as held-for-sale; intangible assets and property, plant and equipment are no longer amortized or depreciated and any equity accounted investee is no longer equity accounted.

5.12 Borrowings

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in the consolidated statement of profit or loss over the period of the borrowings on an effective interest basis.

5.13 Revenue recognition

- *Gain / loss on sale of investments are recognised in the consolidated statement of profit or loss on the date of transaction. All purchases and sales of securities that require delivery within the timeframe established by regulation or market conventions such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Group commits to purchase or sell the financial assets.*

- *Brokerage, consultancy and advisory fee, etc. are recognised as and when such services are provided.*

- *Rental income from investment property is recognised on accrual basis.*

- *Dividend income is recognised when the Group's right to receive such dividend is established.*

- *Mark-up / interest income on bank deposits, loans, debt securities, exposure deposit and exposure against margin trading system is recognised on a time proportion basis that take into account the effective yield.*

- *Put option fee is recognised on time proportion basis over the period of its tenor.*

- *Unrealised capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in consolidated statement of profit or loss for the period in which they arise.*

- *Guarantee commission is recognised in income over the period of the guarantee.*

- *Reverse repo income is recorded on an accrual basis over the period of the deal under the effective interest rate method.*

- *Revenue on the sale of energy represents fair value of the consideration received or receivable on account of regular energy, shortfall energy, bonus energy, and also includes late payment charges to CPPA-G, net of sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.*

  Revenue is recognized when the Group satisfies the performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The Group principally satisfies its performance obligation by ensuring availability of the complex for power generation. Revenues from delivered energy, non-project missed volume ("NPMV'), shortfall energy and bonus energy are recognized as per the mechanism specified in the Energy Purchase Agreement ("EPA"), however, tariffs are determined by National Electric Power Regulatory Authority ("NEPRA").

  Effect of adjustment, If any, arising from revision in sale price is reflected as and when the tariffs are approved by NEPRA.

  Revenue from late payments Is recorded as per the mechanism specified in the EPA, when due.

- *Gold Standard Certified Emission Reductions (GSCERs) is recognised when virtually certain which generally is when received.*

5.14 Provisions and contingencies

Provision is recognised when, as a result of past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Subsequently, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The un-winding of discount is recognized as finance cost, if any. Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation can not be measured with sufficient reliability, it is disclosed as contingent liability.

5.15 Financial instruments

5.15.1 Financial assets

5.15.1.1 Classification

The Group classifies its financial assets in the following measurement categories:

- *at amortised cost;*
- *at fair value through other comprehensive income (FVOCI) with recycling of cumulative gains and losses, in case of debt instruments;*
- *at FVOCI with no recycling of cumulative gains and losses upon derecognition, in case of equity instruments; and*
- *at fair value through profit or loss (FVTPL).*

a) At amortised cost

The Group measures financial assets at amortised cost if the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 5.15.1.2. Gains and losses are recognised in the profit and loss account when the asset is derecognised, modified or impaired.

b) At fair value through other comprehensive income (FVOCI) with recycling of cumulative gains and losses in case of debt instruments

The Group measures financial assets at FVOCI if the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment losses or reversals, recognised and measured as described in note 5.15.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the profit and loss account. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit and loss account.

c) At FVOCI with no recycling of cumulative gains and losses upon derecognition - equity instruments

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to the profit and loss account. Dividends are recognised in the profit and loss account when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

d) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the profit and loss account in the period in which it arises.

5.15.1.2 Impairment

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost and FVOCI. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- *An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;*
- *The time value of money; and*
- *Reasonable and supportable information that is available without undue cost or effort at The reporting date about past events, current conditions and forecasts of future economic conditions.*

The Group applies the IFRS 9 simplified approach to measure expected credit losses for all of its financial assets (receivables, advances, deposits, etc.). For all other financial assets, a life time ECL is recorded in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and for financial assets which are credit impaired as on reporting date. A 12 months ECL is recorded for all other financial assets which do not meet the criteria for SICR or "credit impaired" as at reporting date.

5.15.1.3 Initial recognition

Financial assets are recognised at the time the Group becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at FVTPL. Financial assets carried at FVTPL are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

5.15.1.4 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

(i) the Group transfers substantially all the risks and rewards of ownership; or
(ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

5.15.1.5 Business model

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a Group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

5.15.1.6 Solely Payment of Principal And Interest

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

5.15.1.7 Reclassifications

The Group reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

5.15.1.8 Write-offs

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Against each outstanding exposure which stands as impaired, the Group makes an assessment with respect to the timing and amount of write-off based on the expectation of recovery. However, financial assets that are written off remain subject to legal enforcement activities for recovery of amounts due.

5.15.1.9 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) Financial assets at fair value

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

Financial assets at fair value through 'Other Comprehensive Income' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

Fair value of the investments in listed shares is determined on the basis of the trade rates quoted at the reporting date.

b) Financial assets held at amortised cost

These are subsequently measured at amortised cost.

5.15.2 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

5.15.3 Financial liabilities

5.15.3.1 *Financial liabilities are recognised at the time the Group becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value less any directly attributable transaction cost.*

Financial liabilities are subsequently measured at amortised cost except for:

- *Financial liabilities at fair value through profit or loss; and*
- *Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer.*

5.15.3.2 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

5.16 *Impairment of Non-financial assets*

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generated units (CGU).

The Group considers evidence of impairment for these assets at both, an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in statement of profit or loss.

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.17 *Off balance sheet obligations*

The Group issues financial guarantee contracts in return for fees (i.e. commission on guarantee) to associated concerns. Under a financial guarantee contract, the Group undertakes to meet counter party's obligations under the terms of a debt instrument, if the counter party fails to do so.

5.18 *Foreign currency transaction and foreign operations*

Foreign currency transactions are translated into Pakistan Rupees using the exchange rates prevailing at the date of the transactions. All the monetary assets and liabilities in foreign currencies, at the reporting date, are translated into Pakistan Rupees at the exchange rates prevailing on that date. Foreign exchange gains and losses on translation are recognised in the consolidated statement of profit or loss except in case of SEDPL, subsidiary company, which has availed the exemption as allowed by the SECP vide S.R.O 24(1)/2012 dated 16 January 2012 for the power sector companies, such gain or loss to be capitalized as part of plant which is departure from the requirement of International Accounting Standard (IAS) 21 'The Effects of Changes in Foreign Exchange Rates'.

5.19 *Borrowing costs*

Borrowing costs incurred on short term and long term borrowings are recognised as an expense in the period in which these are incurred, except that those which are directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of that asset.

5.20 *Cash and cash equivalents*

Cash and cash equivalent for the purpose of consolidated statement of cash flow comprises of cash in hand, share transfer stamps, banking instruments, cash at bank and short term running finance.

5.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. As per IFRS 8 'Operating Segment', Operating segment are reported in a manner consistent with the internal reporting used by the Chief Operating Decision Makers. All operating segments' results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance.

A business segment is a distinguishable component of the Group that is engaged in providing related product or services and which is subject to risks and rewards that are different from thereof other segments. The Group's primary reporting segment is based on business segments as the Group conduct its business in Pakistan only. Segment results that are reported to the Group's management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

5.22 Dividend and appropriation to reserve

Dividend distribution to shareholders and appropriation to reserves are recognised in the consolidated financial statements in the period in which these are approved.

6 SHARE CAPITAL

6.1 Authorised share capital

2021	2020		2021	2020
(Number of shares)			(Rupees)	
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	**10,000,000,000**	10,000,000,000

6.2 Issued, subscribed and paid-up share capital

2021	2020		Note	2021	2020
				(Rupees)	
5,000,000	5,000,000	Ordinary shares of Rs. 10 each fully paid in cash		**50,000,000**	50,000,000
450,750,000	450,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		**4,507,500,000**	4,507,500,000
455,750,000	455,750,000			**4,557,500,000**	4,557,500,000
(2,000,000)	(2,000,000)	Ordinary shares of Rs. 10 each bought back at Rs. 360 per share	6.2.1	**(20,000,000)**	(20,000,000)
(45,375,000)	(45,375,000)	Ordinary shares of Rs. 10 each bought back at Rs. 27 per share	6.2.2	**(453,750,000)**	(453,750,000)
408,375,000	408,375,000			**4,083,750,000**	4,083,750,000

6.2.1 During financial year 2005-2006, the Parent Company bought back two million shares of Rs. 10 each from its shareholders through tender notice at a price of Rs. 360 per share in accordance with section 95-A of the repealed Companies Ordinance, 1984 and Companies (Buy-back of shares) Rules, 1999. The acquisition resulted in reduction of capital and unappropriated profit by Rs. 20 million and Rs. 700 million respectively, in the relevant year.

6.2.2 During the financial year 2019-2020, the Parent Company purchased and cancelled 45,375,000 ordinary shares (10% of existing shares i.e. 453,750,000). The buy-back and cancellation of shares were approved by shareholders at the extra ordinary general meeting held on 3rd July 2019. The shares were acquired at a purchase price of Rs. 27 per share. The purchase of shares were made in cash out of the distributable profits as required under Section 88(8) of the Companies Act, 2017 read with the Listed Companies (Buy-Back of Shares) Regulations, 2019. Pursuant to buy-back of shares the ordinary share capital of the Parent Company has been reduced by 45,375,000 ordinary shares amounting to Rs. 453,750,000.

6.2.3 *At year end, Mr. Arif Habib (Chief Executive Officer of the Parent Company) held 80.54% (2020: 78.84%) of ordinary shares in the Parent Company.*

7. SURPLUS ON REVALUATION

In the year 2015, Arif Habib Limited (AHL), a subsidiary company, had reclassified Leasehold Land and Offices to Investment Property. Immediately before transfer, AHL re-measured the said assets on respective fair values and recognised surplus in revaluation reserve as per the requirement of IAS 40 'Investment Property'.

8. OTHER RESERVES

	2021	2020 (Restated)
	(Rupees)	
Fair value reserve	19,404,859	277,909,628
General reserve	4,019,567,665	4,019,567,665
Unappropriated profit	21,867,169,830	14,878,924,941
	25,906,142,354	19,176,402,234

9. NON-CONTROLLING INTERESTS (NCI)

Following are the share of non-controlling interests in respective companies of the group:

	Note	2021	2020 (Restated)
		(Rupees)	
Subsidiary Companies			
Arif Habib Limited	9.1	1,578,137,320	1,051,380,758
Arif Habib Commodities (Private) Limited	9.1	30,391,856	24,503,842
Arif Habib 1857 (Private) Limited	9.1	15,981,932	15,431,924
		1,624,511,108	1,091,316,524
Sachal Energy Development (Private) Limited	9.1	1,261,054,832	995,400,998
		2,885,565,940	2,086,717,522

9.1 The following table summarises the information relating to each of the Group's subsidiaries that has NCI, before any intra group eliminations.

	30 June 2021			
	Arif Habib Limited	Arif Habib Commodities (Private) Limited	Arif Habib 1857 (Private) Limited	Sachal Energy Development (Private) Limited
NCI Percentage	30.56%	30.56%	30.56%	14.17%
	---------- (Rupees) ----------			
Non-current assets	2,221,558,829	13,327,335	19,007,500	13,759,891,110
Current assets	6,249,943,330	97,325,384	28,634,796	5,588,249,913
Non-current liabilities	3,525,415	-	-	7,480,512,770
Current liabilities	3,472,593,374	18,239,781	643,196	2,988,217,836
Net assets	4,995,383,370	92,412,938	46,999,100	8,879,410,417
Net assets attributable to NCI	1,578,137,320	30,391,856	15,981,932	1,261,054,832
Revenue	2,828,756,364	34,685,656	1,673,066	3,862,936,450
Profit	2,084,005,193	18,518,515	1,799,766	1,864,137,972
Total comprehensive income	2,084,005,193	18,518,515	1,799,766	1,864,137,972
Profit allocated to NCI	636,762,683	5,888,014	550,008	265,653,834
Cash flows from operating activities	3,306,205,926	41,824,882	1,854,257	2,467,517,207
Cash flows from investing activities	(9,486,413)	(31,527,035)	-	(1,973,308)
Cash flows from financing activities	(962,092,124)	(15,102,687)	-	(2,044,445,723)
Net increase in cash and cash equivalents	2,334,627,389	(4,804,840)	1,854,257	421,098,176
Dividend paid to NCI	45,385,290	-	-	-

	30 June 2020			
	Arif Habib Limited (Restated)	Arif Habib Commodities (Private) Limited	Arif Habib 1857 (Private) Limited	Sachal Energy Development (Private) Limited
NCI Percentage	30.56%	30.56%	30.56%	14.17%
	(Rupees)			
Non-current assets	1,924,961,388	13,224,143	19,007,500	15,429,573,686
Current assets	4,944,092,603	82,301,322	26,833,987	4,061,155,236
Non-current liabilities	358,429,181	-	-	9,545,405,937
Current liabilities	3,239,291,033	21,631,042	642,152	2,930,050,540
Net assets	3,271,333,777	73,894,423	45,199,335	7,015,272,445
Net assets attributable to NCI	1,051,380,758	24,503,842	15,431,924	995,400,998
Revenue	687,563,691	25,969,213	1,695,112	4,098,604,448
Profit	59,856,433	4,469,183	2,393,248	1,830,985,197
Total comprehensive income	59,856,433	4,469,183	2,393,248	1,830,985,197
Profit allocated to NCI	16,816,713	1,255,620	672,385	259,450,602
Cash flows from operating activities	(434,205,201)	(6,555,315)	(22,133,918)	2,616,748,329
Cash flows from investing activities	141,813,538	6,323,737	-	11,998,715
Cash flows from financing activities	544,275,763	165,187	-	(2,495,791,632)
Net increase in cash and cash equivalents	251,884,100	(66,391)	(22,133,918)	132,955,412
Buy-back from NCI	231,000,000	-	-	-

9.2 Profit allocated to NCI

	2021	2020
	(Rupees)	
Arif Habib Limited - Standalone	**636,762,683**	16,816,713
Arif Habib 1857 (Private) Limited	**550,008**	672,385
Arif Habib Commodities (Private) Limited	**5,888,014**	1,255,620
Sachal Energy Development (Private) Limited	**265,653,834**	259,450,602
	908,854,539	278,195,320

10. LONG TERM LOANS - secured

	Note	2021	2020
		(Rupees)	
Term finance loan - ICBC	10.1	9,498,000,000	11,812,500,000
Less: Current portion		(1,583,000,000)	(1,687,500,000)
		7,915,000,000	10,125,000,000
Transaction cost			
Balance at 1 July		(623,948,726)	(786,428,982)
Less: Amortisation during the year		146,210,207	162,480,256
		(477,738,519)	(623,948,726)
		7,437,261,481	9,501,051,274
Term finance loan - ABL	10.2	-	499,987,261
Less: Current portion		-	(166,666,667)
		-	333,320,594
		7,437,261,481	9,834,371,868

10.1 This represent long term loan facility of USD 100 million (currently outstanding USD 60 million) availed by subsidiary company, SEDPL from Industrial and Commercial Bank of China (ICBC) under facility agreement dated 15 February 2015. The facility agreement has been registered with the State Bank of Pakistan on 29 May 2015. The loan carries mark-up at the rate of six months LIBOR plus 3.75% payable in arrears on semi annual basis. Principal is repayable in 20 bi-annual instalments with a grace period of two years. During the year, 2 semi annual installments of USD 5 million each (2019: 2 semi-annual installment of USD 5 million) was repaid.

This loan has been secured against first charge of USD 107,134,400 duly registered with Securities and Exchange Commission of Pakistan, over all present and future current and operating fixed assets, pledge of all shares of the SEDPL in favour of ICBC and corporate guarantee issued by the Parent Company in the favour of ICBC.

Following are the key conditions as per the facility agreement which can create lender's right to demand payment of all or part of the outstanding loan:

- non payment of any due amount in pursuant to facility agreement;
- failure to comply with the terms of facility agreement related to purpose, security, non-disposal, SINOSURE 'insurance policy, negative pledge and financial covenants of the guarantee;
- any material misrepresentation given in relation to the facility agreement ;
- in case of insolvency of SEDPL or insolvency legal proceedings against SEDPL;
- in case of material adverse effect due to modification, revocation, suspension, termination or expiry of license or authority;
- SINOSURE insurance policy is terminated, repudiated, invalid or ineffective in any other way; and
- SEDPL suspends or ceases to carry on all or a material part of its business.

10.2 On 30 June 2020, subsidiary company, AHL, had signed a facility letter with Allied Bank Limited (ABL) whereby the outstanding running finance facility amounting to Rs. 499.99 million had been converted into a long term loan under markup arrangement at the rate of 3 months KIBOR plus 1% to be charged on quarterly basis. The loan was repayable in twelve quarterly installments ending on 30 June 2023. However, during the year, AHL settled the term loan in full due to availability of sufficient liquidity.

11. LAND LEASE LIABILITY

	2021	2020
	(Rupees)	
Balance at 1 July	11,685,571	11,296,248
Charge for the year	1,744,543	1,749,323
Paid during the year	(1,360,000)	(1,360,000)
Balance at 30 June	12,070,114	11,685,571
Current portion shown under current liabilities	(1,360,000)	(1,360,000)
	10,710,114	10,325,571

11.1 This represents lease rental liability against 680 acres of land in Jhimpir Area, District Thatta of the Province of Sindh acquired by SEDPL, subsidiary company, under a sub lease agreement dated 20 October 2014 of master lease agreement dated 11 February 2008. Under the terms of the sub-lease deed, SEDPL has paid lease rental and incidental expenses amounting to Rs. 5,905,000 for 10 years. SEDPL is required to pay lease rental amounting to Rs. 1,360,000 yearly for ten years (from 1 February 2018 to 31 January 2028), and Rs. 3,145,000 yearly for the next ten years (from 1 February 2028 to 31 January 2038). The lease rentals are being amortized on straight line basis over the useful life of the project.

12. LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

This represent lease liability of Parent Company and AHL, subsidiary company.

	2021	2020
	(Rupees)	
As at 1 July	**65,720,505**	-
Effect of lease modification	**18,141,316**	-
Additions during the year	**6,540,869**	97,113,193
Interest accrued	**8,273,351**	10,315,387
Payments	**(35,730,327)**	(41,708,075)
As at 30 June	**62,945,714**	65,720,505
Lease liability	**62,945,714**	65,720,505
Less: Current portion of lease liability	**(41,479,177)**	(26,029,805)
	21,466,537	39,690,700

12.1 Lease liability is payable as follows:

	2021		
	Less than one year	**Between one and two years**	**Total**
	(Rupees)		
Future minimum lease payments	**43,457,394**	**22,069,705**	**65,527,099**
less: Interest	**(1,978,216)**	**(603,169)**	**(2,581,385)**
Present value of minimum lease payment	**41,479,178**	**21,466,536**	**62,945,714**

	2020		
	Less than one year	Between one and two years	Total
	(Rupees)		
Future minimum lease payments	28,601,260	40,434,447	69,035,707
less: Interest	(2,571,455)	(743,747)	(3,315,202)
Present value of minimum lease payment	26,029,805	39,690,700	65,720,505

12.2 The remaining lease term is ranging from 12 to 41 months and the present value has been discounted at rates ranging from 9% to 15% per annum.

13. LOAN UNDER STATE BANK OF PAKISTAN SCHEME

	Note	**2021**	2020
		(Rupees)	
Loan under State Bank of Pakistan scheme	13.1	**25,023,885**	14,985,323
Less: Amount Payable within next twelve months		**(15,547,461)**	(4,265,520)
		9,476,424	10,719,803

13.1 The subsidiary company, SEDPL, has availed the concessional loan from Faysal Bank Limited at the mark up rate of 3% payable quarterly in arrears under the State Bank of Pakistan (SBP) incentive scheme - Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns. The scheme was availed as sub-limit of the existing finance facility of SEDPL of Rs. 1,000 million (mentioned in note 17.2) and it is repayable over a period of two years with a grace period of six months. The above loan has not been discounted to fair value, as the impact is not considered to be material.

14. DEFERRED LIABILITY - GRATUITY

This represents deferred liability for employees' gratuity obligation of SEDPL (subsidiary company):

	2021	2020
	(Rupees)	
Balance at beginning of the year	**19,043,769**	14,056,165
Provision for the year	**6,650,423**	6,139,167
Gratuity paid during the year	**(2,629,441)**	(1,151,563)
Balance at end of the year	**23,064,751**	19,043,769

14.1 This include provision for gratuity of Rs. 15.074 million (2020: Rs. 13.893 million) payable to key management personnel of SEDPL. The acturial valuation in respect of provision for gratuity as not been carried out since the management believes that the impact is not material.

15. DEFERRED TAXATION - net

	Note	**2021**	2020
		(Rupees)	
Taxable temporary differences			
- Accelerated tax depreciation		**11,386,042**	13,041,743
- Investment in equity accounted associates		**1,573,010,106**	1,413,711,170
- Unrealised gain on investments		**337,917,598**	45,578,682
- Right-of-use assets - net		**-**	653,474
- Dividend receivable		**-**	95,700,062
		1,922,313,746	1,568,685,131
Deductible temporary differences			
- Allowance for impairment loss on trade debts		**(268,015,283)**	(274,905,787)
- Intangible assets		**(6,815,000)**	(6,815,000)
- Lease liability against right of use assets - net		**(1,252,701)**	-
- Accelerated tax depreciation		**-**	(264,692)
- Unrealised gain on investments		**-**	(157,461,327)
- Long term investments		**-**	(49,598)
- Impairment loss on other 'long term investment'		**-**	(435,000)
		(276,082,984)	(439,931,404)
		1,646,230,762	1,128,753,727
- Unused tax losses		**(196,706,850)**	(160,757,551)
		1,449,523,912	967,996,176
Deferred tax asset not recognised	15.1	**358,867,218**	540,691,484
Deferred tax liability		**1,808,391,130**	1,508,687,660

15.1 Deferred tax assets have not been recognised in respect of the above items, because it is not probable that future taxable profits under normal tax regime will be available against which the respective companies can use the benefits therefrom. This includes deferred tax asset not recognised an unused tax losses of Rs. 196.71 million (2020: Rs. 160.758 million).

15.2 Net difference of Rs. 299.703 million has been recognised in the consolidated statement of profit and loss.

16. TRADE AND OTHER PAYABLES

	Note	2021	2020
		(Rupees)	
Creditors	16.1	**1,561,332,395**	747,901,751
Commission payable	16.2	**102,628,722**	19,605,841
Operating and maintenance payable	16.3	**116,759,966**	179,722,969
Indirect taxes payable		**167,558,320**	30,788,463
Workers' Profit Participation Fund Payable		**93,695,690**	-
Loan from a Director	16.4	**3,862,500**	3,862,500
Other accrued expenses	16.5	**37,840,476**	13,990,050
Other liabilities	16.6	**66,972,535**	13,590,856
		2,150,650,604	1,009,462,430

16.1 This includes amount of Rs. 126.10 million (2020: Rs. 6 million) payable to related parties by AHL. The balance is unsecured and interest free.

16.2 This includes amount of Rs. 49.15 million (2020: Rs. 8.50 million) payable to related parties by AHL. The balance is unsecured and interest free.

16.3 This amount represents payable by SEDPL (a subsidiary company) to Hydrochina International Engineering Company Limited on account of operations and maintenance of plant.

16.4 The said loan was provided by the Chief Executive Officer of the subsidiary Company to meet working capital requirements of AHCPL (a subsidiary company). It carries no mark-up, repayable on demand and is unsecured.

16.5 This includes Rs. 1.19 million (2020: Rs. 0.098 million) payable to Rotocast Engineering Co. (Pvt) Limited a related party, on account of monthly expense contribution of utilities and maintenance charges.

16.6 This includes Rs. 45 million payable to the Chief Executive Officer of SEDPL on account of bonus for the year ended 30 June 2021.

17. SHORT TERM BORROWINGS

	Note	2021	2020
		(Rupees)	
Secured - from banking companies			
- Running finance from banks	17.1	**2,472,056,459**	2,506,903,268
- Running Musharka	17.2	**964,996,900**	930,000,000
		3,437,053,359	3,436,903,268

17.1 *Short term running finance facilities are available to Parent Company and its subsidiary company, AHL, from various commercial banks, under mark-up arrangements, amounting to Rs. 8,700 million (2020: Rs. 8,600 million). These facilities have various maturity dates up to 30 September 2024 and need to be renewed after that. These arrangements are secured against the pledge of marketable securities valued at Rs.10,723 million (2020: Rs. 8,785 million) and the corporate guarantee by the parent company.*

These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.5% to 1% and 3 'months KIBOR + 0.5% to 1.75% (2020: 1 month KIBOR + 0.75% to 1.%, 3 months KIBOR + 0.55% to 1.75%) calculated on a daily product basis, and is payable quarterly. The aggregate amount of these facilities which have not been availed at the reporting date amounts to Rs. 6,228 million (2020: Rs. 6,093 million).

17.2 *This represents short term Running Musharka ("RM") facility of Rs. 1,000 million (2020: 1,000 million short term Running Finance ("RF")) obtained from Faysal Bank Limited ("FBL") by SEDPL, against following securities and is repayable as per the terms of RM over a period of one year. These are secured against the following:*

- *Ranking charge over all present and future current and fixed assets of SEDPL.*
- *personal guarantee of director Mr. Arif Habib.*

This RM facility is further divided into two limits as below:

- *Rs. 975 million at target profit rate of 3M KIBOR plus 2.25% (2020: Rs. 985 million at interest rate of 3M KIBOR plus 2.5% as per RF) payable on a quarterly basis.*
- *Rs. 25 million at fixed markup rate of 3% (2020: Rs. 15 million at fixed markup of 3%) payable on quarterly basis as disclosed in note 13.1.*

18. SUBORDINATED LOAN

During the year ended June 30, 2020. AHL, subsidiary company, had obtained subordinated loan amounting to Rs. 1,100 million from the sponsor (Mr. Arif Habib). The details of the loan obtained are as follows:

a. *Short term, unsecured, subordinate, interest free loan of Rs. 800 million payable on demand and which had been repaid on 11 May 2020.*

b. *Long term unsecured, subordinate loan of Rs 300,000,000 which was payable after 13 months of disbursement of loan amount. The interest rate was 6 month KIBOR + 2% payable semi-annually.*

However, during the year, in August 2020, AHL repaid the loan as substantial cash flows had become available.

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

Parent Company

19.1.1 *During the year ended 30 June 2012, the Securities and Exchange Commission of Pakistan (SECP) issued an order under Section 22 of the Securities and Exchange Ordinance, 1969 ("the Ordinance") regarding non-compliance of orders passed by it under Section 18A of the Ordinance for depositing confiscated subscription money amounting to Rs. 3.14 million relating to fictitious applications received by the Parent Company for subscription of shares of Summit Bank Limited that were offered to general public by the Parent Company in 2007. On 2 November 2012, Appellate bench of the SECP dismissed the appeal filed by the Parent Company against the order. The Parent Company has filed a constitutional petition challenging the orders passed by the SECP before Honourable High Court of Sindh which has granted ad interim stay. The petition is being contested vigorously and management is confident that the petition will be decided in the Parent Company's favour.*

19.1.2 *The Parent Company has issued Corporate Guarantee, on behalf of a subsidiary company, namely Sachal Energy Development (Private) Limited (SEDPL), amounting to USD 100 million (current outstanding: USD 60 million) to Industrial Commercial Bank of China in relation to financing agreement of SEDPL.*

19.1.3 *The Parent Company has issued guarantee of Rs. 677.45 million on behalf of Aisha Steel Mills Limited (ASML) - a related party to secure the financing arrangement. The Parent Company has also pledged 24.5 million ordinary shares of Fatima Fertilizer Company Limited valued at Rs. 704.38 million as at year end to a commercial bank for financing facility availed by ASML.*

19.1.4 *The Parent Company has issued Corporate Guarantee on behalf of an associated concern, Power Cement Limited (PCL), to the extent of USD 10.127 million. During the year, exposure on this guarantee has been reduced to USD 1.16 million. Further, the Parent Company had also issued Corporate Guarantee on behalf of PCL to the extent of Rs. 847.68 million, issued in favour of Tianjin Electric Power Construction Co. Ltd, to secure payment obligations of PCL.*

19.1.5 *The Parent Company has pledged 120.35 million shares of Fatima Fertilizers Limited with various banks for running finance facilities amounting to Rs. 2,172 million obtained by Arif Habib Limited, a subsidiary company. The fair value of these shares at the year end amounts to Rs. 3,460 million.*

19.1.6 *The Parent Company has obtained letters of indemnity from respective related parties.*

19.1.7 *For tax related matters, refer note 42 to these financial statements.*

AHL, Subsidiary Company

19.1.8 *AHL is contesting a demand of Rs. 45.42 million raised against its non taxable services vide order issued on 12 September 2014 by the Assistant Commissioner, Sindh Revenue Board. AHL has filed an appeal against the impugned order in the appropriate forum and accordingly a stay was granted against the impugned order. During the previous year, Appellate Tribunal of Sindh Revenue Board has remanded the case to the learned Commissioner (Appeals) for decision denovo on merits in terms of note / opinion recorded by the Member Technical. AHL's legal counsel is of the view that the AHL has a favourable case based on merit. Accordingly no provision of the said amount has been made in these consolidated financial statements.*

SEDPL and BGPL , Subsidiary Companies

19.1.9 *There are no contingencies as on 30 June 2021.*

Associates

19.1.10 *The Group's share of associates' contingent liabilities is Rs. 3,524 million (2020: 2,809 million).*

19.2 Commitments

19.2.1 *Parent Company*

The Parent Company holds 2.56 million shares (2020: 2.56 million) of Silk Bank Limited in its CDC account. During financial year 2020, Silkbank Limited's sponsor had exercised the option granted to him to purchase the Company's entire investment in Silkbank Limited. Accordingly, the Parent Company had derecognised its investment in Silkbank Limited and had also set off relevant deposits and margin against this investment. However, shares will be transferred as per the option agreement in due course in line with regulatory approvals.

The legal advisor of the Company also agrees with the above point of view.

19.2.2 *AHL, Subsidiary Company*

Following commitments are outstanding as at the year end:

	2021	2020
	(Rupees)	
- *Outstanding settlements against marginal trading contracts*	**788,579,531**	*112,323,212*
- *Outstanding settlements against sale/purchase of securities in regular market*	**34,264,836**	*53,073,167*
- *Financial guarantee given by a commercial bank on behalf of AHL*	**750,000,000**	*250,000,000*

19.2.3 *SEDPL, Subsidiary Company*

The Subsidiary Company has entered into Service and Availability Agreement with Goldwind Pakistan (Private) Limited on 1 July 2019 for a period of three (03) years against a fee of USD 978,000 per year to be escalated according to yearly Consumer Price Index fluctuation released by U.S. Bureau of Labor Statistics.

19.2.4 *Associates*

The Group's share of associates' commitments is Rs. 1,394 million (2020: 471 million).

19.2.5 Significant contracts of SEDPL

(a) Energy Purchase Agreement (EPA)

SEDPL has entered into Energy Purchase Agreement (EPA) on 27 February 2014 with National Transmission and Despatch Company Limited (through its Central Power Purchasing Agency) on behalf of ex- WAPDA Distribution Companies ("the Power Purchaser") for the sale of its entire energy. The term of EPA is 20 years.

(b) Implementation Agreement (IA)

SEDPL has entered into Implementation Agreement (IA) with Government of Pakistan on 11 August 2014 to install wind turbines, generate and sell electricity up to 49.5 MW in Sindh Province, Pakistan.

(c) Facility Agreement

SEDPL has entered into Facility Agreement of USD 100 Million with Industrial and Commercial Bank of China (ICBC) on 15 February 2015.

(d) Short Term Finance Facility

SEDPL has entered into short term running finance facility (revolving) of Rs. 1,000 million obtained from Faysal Bank Limited on 9 November 2019 renewed on 9 November 2020 and subsequently converted to Running Musharka ("RM") on 18 February 2021.

		Note	2021	2020
20.	**PROPERTY, PLANT AND EQUIPMENT**		(Rupees)	
	Operating fixed assets	20.1	**13,925,492,267**	*15,599,224,795*

20.1 Operating fixed assets

	Right-of-use asset	Leasehold buildings and improvements	Furniture, fixtures and fittings	Vehicles Owned	Plant and machinery	Office equipment	Computer and allied equipment	Total
	(Rupees)							
COST								
Balance as at 01 July 2020	100,944,658	202,708,984	8,630,124	62,788,701	17,894,182,345	7,706,654	39,218,804	18,316,180,270
Additions during the year	6,540,869	-	8,984,521	463,900	-	757,368	18,011,625	34,758,283
Effect of lease modification	18,141,316	-	-	-	-	-	-	18,141,316
Disposals / exchange gain	-	-	(2,233,987)	(477,500)	(755,850,000)	(843,170)	(520,353)	(759,925,010)
Balance as at 30 June 2021	**125,626,843**	**202,708,984**	**15,380,658**	**62,775,101**	**17,138,332,345**	**7,620,852**	**56,710,076**	**17,609,154,859**
DEPRECIATION								
Balance as at 01 July 2020	32,970,794	139,395,881	2,572,167	32,763,107	2,476,076,721	3,258,817	29,917,988	2,716,955,475
Charge for the year	34,029,987	8,979,895	1,416,547	6,016,275	911,507,581	717,750	5,767,698	968,435,733
Disposals / transfers	-	-	(560,148)	(80,900)	-	(604,679)	(482,889)	(1,728,616)
Balance as at 30 June 2021	**67,000,781**	**148,375,776**	**3,428,566**	**38,698,482**	**3,387,584,302**	**3,371,888**	**35,202,797**	**3,683,662,592**
Written down value as at 30 June 2021	**58,626,062**	**54,333,208**	**11,952,092**	**24,076,619**	**13,750,748,043**	**4,248,964**	**21,507,279**	**13,925,492,267**
COST								
Balance as at 01 July 2019	-	170,235,651	6,731,170	47,242,953	17,677,729,387	8,013,946	37,805,788	17,947,758,895
Additions during the year / exchange loss capitalised	100,944,658	-	2,173,170	15,717,281	231,000,000	267,435	2,040,823	352,143,367
Transfer from investment property (Note 24)		32,473,333	-	-	-	-	-	32,473,333
Disposals	-	-	(274,216)	(171,533)	(14,547,042)	(574,727)	(627,807)	(16,195,325)
Balance as at 30 June 2020	100,944,658	202,708,984	8,630,124	62,788,701	17,894,182,345	7,706,654	39,218,804	18,316,180,270
DEPRECIATION								
Balance as at 01 July 2019	-	133,953,568	1,827,959	28,316,629	1,596,143,599	2,850,367	26,267,920	1,789,360,042
Charge for the year	32,970,795	5,442,313	847,562	4,560,385	881,751,501	860,347	4,222,513	930,655,416
Disposals / transfers	-	-	(103,354)	(113,907)	(1,818,380)	(451,897)	(572,445)	(3,059,983)
Balance as at 30 June 2020	32,970,795	139,395,881	2,572,167	32,763,107	2,476,076,720	3,258,817	29,917,988	2,716,955,475
Written down value as at 30 June 2020	67,973,863	63,313,103	6,057,957	30,025,594	15,418,105,625	4,447,837	9,300,816	15,599,224,795
Rates of depreciation (%)	33	5 - 15	10 - 15	20	5	15 - 20	33	

Carrying value of plant and machinery at 30 June 2021 includes foreign exchange loss of Rs. 3.927 billion (2020: Rs. 4.969 billion). Exchange gain of Rs. 755.85 million have been recorded in the carrying value of plant and machinery in the current year (2020: Loss of Rs. 231 million). The exchange difference has been included in the carrying value of plant machinery in view of the exemption available vide SECP's notification reference SRO 980(1)/2019 of 2 September 2019 under which all companies that have executed their power purchase agreements before 01 January 2019 are entitled to that exemption.

		2021	2020
21.	**INTANGIBLE ASSETS**	(Rupees)	
	Computer Software		
	Cost		
	Opening balance	**9,654,921**	*9,108,247*
	Additions during the year	**618,990**	*546,674*
	Closing balance	**10,273,911**	*9,654,921*
	Amortisation		
	Opening balance	**7,253,115**	*6,695,973*
	Amortisation for the year	**418,238**	*557,142*
	Closing balance	**7,671,353**	*7,253,115*
	Written down value as at 30 June	**2,602,558**	*2,401,806*
	Rates of amortisation (%)	**25% & 33%**	*25% & 33%*

21.1 *The amortisation charge has been allocated to and administrative expenses (note 38).*

22. GOODWILL

Goodwill is monitored by the management at individual entity level which are considered cash generating units. The carrying amount of goodwill allocated to the individual cash generating units (CGUs) is as follows:

	Note	2021	2020
		(Rupees)	
Arif Habib Limited	22.1	838,683,576	838,683,576
Sachal Energy Development (Private) Limited	22.2	71,522,541	71,522,541
		910,206,117	910,206,117

22.1 Impairment testing of Goodwill relating to Arif Habib Limited (AHL)

The calculation of recoverable amount of Goodwill for the purpose of impairment testing was based on value in use, estimated using discounted cash flows. Key assumptions used in determining the value in use calculation were as follows:

Type	Date of valuation	Valuation approach and assumptions	Inter-relationship between significant unobservable Inputs and fair value measurement
Subsidiary - Arif Habib Limited	30 June 2021	Free cash flows: The valuation model considers the present value of free cash flow of subsidiary company discounted using a risk-adjusted discount rate.	The estimated fair value would increase / (decrease) if: - the annual growth rate were higher or lower - the EBITDA margin were higher or lower
		The cash flow projection include specific estimates for 4 years.	Generally, a change in the annual growth rate is accompanied by a directionally similar change in EBITDA margin.
		Inputs used:	
		Long term growth rate	4%
		Long term return on equity	15.71%
		Risk premium	7.04%

22.2 Impairment testing of goodwill relating to Sachal Energy Development (Private) Limited (SEDPL)

The calculation of recoverable amount of Goodwill for the purpose of impairment testing was based on value in use, estimated using discounted cash flows. Key assumptions used in determining the value in use calculation were as follows:

Type	Date of valuation	Valuation approach and assumptions	Inter-relationship between significant unobservable Inputs and fair value measurement
Subsidiary - Sachal Energy Development (Private) Limited (SEDPL)	30 June 2021	Discounted cash flows: The valuation model considers the present value of future cash flow of subsidiary company discounted using a risk-adjusted discount rate.	The estimated fair value would increase / (decrease) if: - the annual growth rate were higher or lower - the EBITDA margin were higher or lower
		The cash flow projection include specific estimates for 16 years.	Generally, a change in the annual growth rate is accompanied by a directionally similar change in EBITDA margin.
		Inputs used:	
		Beta	1
		Long term return on equity	15.00%
		Risk premium	6.00%

Other matters

In addition to be above, the Group has also prepared its projections on a dividend growth model, based on which also the management is of a view that no impairment of goodwill is required.

23. TRADING RIGHT ENTITLEMENT CERTIFICATE, MEMBERSHIP CARD AND OFFICES	Note	2021	2020
		(Rupees)	
Trading right entitlement certificate			
Cost		**35,500,000**	35,500,000
Impairment		**(30,500,000)**	(30,500,000)
	23.1	**5,000,000**	5,000,000
Membership cards			
- Pakistan Mercantile Exchange Limited		**1,000,000**	1,000,000
Booths			
- Pakistan Stock Exchange Limited - three booths		**2,100,000**	2,100,000
		8,100,000	8,100,000

23.1 This represents TREC received by Subsidiary Companies, Arif Habib Limited and M/s. Arif Habib 1857 (Private) Limited, in accordance with the Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012. These are carried at cost less impairment.

23.2 PSX vide notice no. PSX/N-225 dated 16 February 2021 have notified the notional fees of Trading Right Entitlement Certificates which amounts to Rs. 2.5 million.

24. INVESTMENT PROPERTIES	Note	2021	2020
		(Rupees)	
Opening balance		**1,678,415,232**	1,726,419,800
Additions during the year		**152,500,000**	-
Development charges / additions during the year		**-**	11,943,765
Disposal during the year		**(152,500,000)**	(159,475,000)
Transfer to property, plant and equipment		**-**	(32,473,333)
	24.1	**1,678,415,232**	1,546,415,232
Changes in fair value - net		**290,384,768**	132,000,000
		1,968,800,000	1,678,415,232

24.1 This represents investment in plots of land and residential bungalows (valued at Rs. 1.907 billion) situated at Naya Nazimabad, Deh Mangohpir, Gadap Town, Karachi owned by, a subsidiary company, AHL. Further, this includes investment in the offices located in the building complex of Pakistan Stock Exchange Limited and LSE Financial Services Limited (respectively valued at Rs. 32.5 million and Rs. 29.5 million) owned by AHL. The Naya Nazimabad Project is owned and managed by Javedan Corporation Limited (a related party of the Group). As of the reporting date, the fair value of such investment properties were determined by an independent external property valuer having appropriate recognised qualification and relevant experience according to which there was an increase of Rs. 290.384 million (2020: 132 million) in the fair value of the properties and forced sales value of these investment properties are Rs. 1,673.48 million (2020: Rs. 1,456.4 million).

25. EQUITY ACCOUNTED INVESTEES

	Note	2021	2020
		(Rupees)	
Fatima Fertilizer Company Limited (FFCL)	25.1	**13,999,653,270**	12,937,523,356
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	25.2	**482,381,693**	466,604,254
National Resources (Private) Limited (NRPL)	25.3	**99,221,751**	-
Pakarab Fertilizers Limited (PFL)	25.4	**-**	-
		14,581,256,714	13,404,127,610

25.1 Investment in FFCL (quoted) represents 319 million (2020: 319 million) fully paid ordinary shares of Rs. 10 each, representing 15.19% (2020: 15.19%) of FFCL's paid up share capital as at 30 June 2021. Fair value per share as at 30 June 2021 is Rs. 28.75 (2020: Rs. 26.73) which is based on quoted share price on stock exchange at reporting date.

25.2 Investment in MCB-AH (quoted) represents 21.66 million (2019: 21.66 million) fully paid ordinary shares of Rs. 10 each, representing 30.09% (2020: 30.09%) of MCB-AH's paid up share capital as at 30 June 2021. Market value per share as at 30 June 2021 was Rs. 36.75 (2020: Rs. 22.84) which is based on quoted share price on stock exchange at reporting date.

25.3 On 22nd June 2021, the parent company had subscribed 9,999,350 ordinary shares of NRPL having face value of Rs. 10 each. The Company holds 9.57% of NRPL's paid up share capital as at 30 June 2021. NRPL is in its pre-feasibility stage and has not yet commenced its operations and has yet to apply for a mining license. NRPL intends to carry on the business of exploring, operating and working on mines, quarries and other related activities. The investment is under a joint venture agreement dated 20 November 2020 between sponsors (Y.B Pakistan Ltd, Arif Habib Equity (Private) Limited, Liberty Mills Limited, Reliance Commodities (Private) Limited and Mari Petroleum Company Limited). The Company has one director on the Board of the company and has the capacity to nominate one such director. All other investors too can appoint one director each.

25.4 Investment in PFL (unquoted) represents 135 million (2020: 135 million) fully paid ordinary shares of Rs. 10 each, representing 30% (2020: 30%) of PFL's paid up share capital as at 30 June 2021, having cost of Rs. 1,324.33 million (2020: Rs. 1,324.33 million). The group has not recognised loss amounting to Rs. 661.11 million (2020: Rs.1.22 billion) in relation to it interest in PFL, because the Group has no obligation in respect of this loss.

25.5 Summarized financial information of the associates of the Group is as follows:

	2021			
	MCB - Arif Habib Savings and Investments Limited	Pakarab Fertilizers Limited	Fatima Fertilizer Company Limited	National Resources (Private) Limited
	(Rupees in '000)			
Percentage ownership interest	30.09%	30.00%	15.19%	9.57%
As per the consistent accounting policies				
Non-current assets	1,016,543	11,424,945	116,380,929	3,448
Current assets	1,358,968	17,558,073	56,062,063	602,801
Non-current liabilities	85,178	7,946,061	28,335,501	1,528
Current liabilities	687,203	23,240,650	51,943,875	9,382
Net assets	1,603,130	(2,203,693)	92,163,616	595,339
Group's interest in net assets of investee company	482,382	(661,108)	13,999,653	56,974
Goodwill	-	-	-	42,248
Restricting share of loss to carrying amount (refer note 25.4)	-	661,108	-	
	482,382	-	13,999,653	99,222
Carrying amount of equity accounted investee *	482,382	-	13,999,653	99,222
Revenue	993,695	19,729	93,742,567	-
Profit / (loss) for the year	376,434	1,225,713	15,428,442	(327,050)
Other comprehensive income	-	3,289,139	17,599	-
Total comprehensive income	376,434	4,514,852	15,446,041	(327,050)
Group's share of total comprehensive income in equity accounted investee	113,266	-	2,497,631	(772)
Dividends received by the Group	97,489	-	1,435,501	-

	2020		
	MCB - Arif Habib Savings and Investments Limited	Pakarab Fertilizers Limited	Fatima Fertilizer Company Limited
	(Rupees in '000)		
Percentage ownership interest	30.09%	30.00%	15.19%
As per the consistent accounting policies			
Non-current assets	947,663	9,794,649	111,268,224
Current assets	1,317,910	24,155,324	40,458,761
Non-current liabilities	89,423	7,401,743	25,279,073
Current liabilities	625,454	30,604,158	45,476,593
Net assets	1,550,696	(4,055,928)	80,971,319
Elimination of unpaid dividend	-	-	4,200,000
Net assets of equity accounted investee (adjusted)	1,550,696	(4,055,928)	85,171,319
Group's interest in net assets of investee company	466,604	(1,216,778)	12,937,523
Restricting share of loss to carrying amount (refer note 25.3)	-	1,216,778	-
	466,604	-	12,937,523
Carrying amount of equity accounted investee *	466,604	-	-
Revenue	835,520	12,334	65,783,770
Profit / (loss) from continuing operations for the year	257,669	(1,357,421)	12,173,454
Loss from discontinuing operations	-	(1,003,934)	-
Other comprehensive income	-	19,645	22,645
Total comprehensive income / (loss)	257,669	(2,341,710)	12,196,099
Group's share of total comprehensive income in equity accounted investee	75,430	-	1,369,144
Dividends received by the Group	50,910,792	-	-

* Group's share of net assets equal the carrying amount of equity accounted investees as per the consistent accounting policies.

25.6 Group's share of total comprehensive income / (loss) in equity accounted investee

	2021	2020
	(Rupees)	
Fatima Fertilizer Company Limited (FFCL)	**2,497,630,841**	*1,369,144,283*
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	**113,266,191**	*75,429,638*
Pakarab Fertilizers Limited (PFL)	**-**	*-*
National Resources (Private) Limited (NRPL)	**(771,749)**	*-*
	2,610,125,283	*1,444,573,921*
Less: Other comprehensive income	**(2,673,289)**	*(3,439,775)*
Taken to statement of profit or loss	**2,607,451,994**	*1,441,134,146*

25.7 *Financial statements of MCB-AH, FFCL and PFL have been audited by their independent auditors.*

26. OTHER LONG TERM INVESTMENTS

	Note	2021	2020
		(Rupees)	
Equity securities - at FVOCI	26.1	**-**	*-*
Equity securities - designated at FVTPL	26.2	**54,754,771**	*45,056,656*
		54,754,771	*45,056,656*

26.1 Equity securities - at FVOCI

	Note	2021	
		Shares (Number)	Fair value (Rupees)
Sun Biz (Private) Limited (SBL)	26.1.2 & 26.1.3	**10,000**	**-**
Al-Khabeer Financial Services (Private) Limited (AKFS)	26.1.2 & 26.1.4	**5,000**	**-**
			-

	Note	2020	
		Shares (Number)	Fair value (Rupees)
Sun Biz (Private) Limited (SBL)	26.1.2 & 26.1.3	*10,000*	-
Al-Khabeer Financial Services (Private) Limited (AKFS)	26.1.2 & 26.1.4	*5,000*	-
			-

26.1.1 *Investment in SBL (unquoted) and AKFS (unquoted) were fully impaired in previous years and no change in fair value is recognised in current year's financial statements.*

26.1.2 *Investment in SBL (unquoted) represents 10,000 (2020:10,000) fully paid ordinary shares of Rs. 100 each.*

26.1.3 *Investment in AKFS (unquoted) represents 5,000 (2020:5,000) fully paid ordinary shares of Rs. 200 each.*

26.2 Equity securities - designated at FVTPL

	Note	2021	2020
		(Rupees)	
ISE Towers REIT Management Company Limited	26.2.1	**37,841,512**	*31,620,574*
LSE Financial Services Limited	26.2.1	**16,913,259**	*13,436,082*
		54,754,771	*45,056,656*

26.2.1 *This represents the investment in 3,304,604 (2020: 3,304,604) unquoted ordinary shares of M/s. ISE Towers REIT Management Company Limited and 843,975 (2020: 843,975) unquoted ordinary shares of M/s. LSE Financial Services Limited. Management of the subsidiary company has carried out the valuation of the aforementioned investments. In this connection, Discounted Free Cash Flow to Equity model for business valuation was used to determine fair value of respective investee companies. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, long term growth rate and projected rates of increase in revenues, other income and expenses. Principal assumptions used in the valuation of above unquoted investments described in note 48 to these consolidated financial statements.*

26.2.2 Reconciliation of (loss) / gain on remeasurement of long term investments at FVTPL

	2021	2020
	(Rupees)	
Cost of investment	**58,586,933**	58,586,933
Unrealised (loss) / gain:		
Balance as at 1 July	**(13,530,277)**	(20,642,185)
Unrealised loss on PSX shares reclassified to short term investments	**-**	15,077,782
Unrealised gain / (loss) for the year	**9,698,115**	(7,965,874)
	(3,832,162)	(13,530,277)
Balance as at 30 June	**54,754,771**	45,056,656

27. LONG TERM LOAN TO RELATED PARTY

	Note	2021	2020
		(Rupees)	
Secured			
Aisha Steel Mills Limited		**163,404,133**	163,404,133
Less: Current portion of long term loan	30	**(28,433,492)**	(28,433,492)
		134,970,641	134,970,641

27.1 *This represents long term loan secured against first charge on all present and future fixed assets, accounts receivables and interest in any insurance claim and equitable mortgage of land and building. The mark-up rate in the said loan is 6-month KIBOR plus 3.25% per annum (2020: 6-months KIBOR plus 3.25% per annum). The rate of mark-up on the loan during the period ranged between 10.49% to 10.60% (2020: ranged between 16.38% to 16.74%) per annum. Mark-up is payable on a semi-annual basis.*

The repayment terms of the above loan was rescheduled during the year due to the impact of COVID-19 and now the balance is repayable in semi-annually instalments of Rs. 14.216 million effective 19 July 2021. However, markup for the extended period continued to be recovered. The loan is repayable by January 2025. The repayment period due to above deferment has been extended by one year and has been approved by the shareholders of the parent company in their Annual General Meeting. No other terms have been revised.

27.2 *Maximum balance due from related party as at the end of any month during the year was Rs. 163.4 million (2020: Rs. 149.19 million).*

28. LONG TERM DEPOSITS AND OTHER RECEIVABLES

	Note	2021	2020
		(Rupees)	
Pakistan Stock Exchange Limited		**17,207,961**	17,207,961
National Clearing Company of Pakistan Limited		**2,279,393**	2,173,138
Receivable from employees against leased vehicles	28.1	**2,825,138**	2,397,440
Pakistan Mercantile Exchange deposit		**11,507,205**	11,507,205
Other deposits		**1,263,536**	850,536
		35,083,233	34,136,280

28.1 *This represents security deposits paid by the Parent Company on behalf of employees for leased vehicle and is secured against respective employees' provident fund balances. It will be recovered from the respective employees from their final settlement or on the termination of lease agreement.*

29. TRADE DEBTS

	Note	2021	2020
		(Rupees)	
Trade debts - secured	29.1 & 29.2	**4,263,651,340**	3,243,404,339
- unsecured		**922,272,883**	979,683,581
		5,185,924,223	4,223,087,920
Less: Allowance for impairment of trade debts	29.3	**(922,272,883)**	(906,321,587)
		4,263,651,340	3,316,766,333
Unbilled receivable			
Regular energy		**73,961,976**	63,101,553
Shortfall energy		**22,973,485**	18,779,880
Bonus energy		**11,105,839**	11,105,839
Delayed payment		**167,614,642**	233,037,948
		275,655,942	326,025,220
		4,539,307,282	3,642,791,553

29.1 This includes trade debts of Rs. 4.023 billion of SEDPL, subsidiary company, due from Central Power Purchasing Agency (CPPA-G) which are secured by a guarantee from the Government of Pakistan (GoP) under the Implementation Agreement (IA) dated 11 August 2014. As referred in note 2.7, SECP has exempted the applicability of expected credit loss allowance on trade debts due directly / ultimately from GoP. Further, these are subject to mark-up on delay payments under EPA dated 27 February 2014 at the rate of 3 month KIBOR plus 4.5% per annum.

These trade debts includes amount of Rs. 86.921 million at 30 June 2021 (2020 : Rs. 43.910 million) invoiced on account of NPMV which has been disallowed by CPPA-G due to revised mechanism for NPMV calculation in draft Operating Procedures. The Operating Procedures are under discussion between the Company and CPPA-G and yet to be finalized. The Company believes that the submitted invoices are in accordance with the EPA and the disallowed units will be allowed under NPMV or compensated in the form of shortfall energy and there will be no impact on recognized revenue. Therefore, no provision has been made in these consolidated financial statements in this respect.

Age analysis of the above debts are as follows:	2021	2020
	(Rupees)	
Not yet due	**1,167,523,746**	1,155,091,869
Past due		
0- 30 days	**323,588,653**	357,932,664
31 - 60 days	**194,085,555**	208,524,055
61 - 90 days	**162,448,665**	181,299,250
Above 90 days	**2,175,718,930**	1,257,060,078
	4,023,365,549	3,159,907,916

29.2 These also includes brokerage and operating fee of Rs. 120.088 million (2020: Rs. 83.571 million) and Advisory and Consultancy fee of Rs. 120.23 million (2020: Rs. 73.32 million). The maximum aggregate amount outstanding at any time during the year amounts to Rs. 331.8 million (2020: Rs. 34.4 million). AHL holds capital securities having fair value of Rs. 59,277 million (2020: Rs. 38,874 million) owned by its clients, as collateral against trade debts.

This include Rs. 4.3 million (2020: Rs. 1.7 million) due from related parties.

29.3 Movement in allowance for impairment of trade debts during the year was as follows:

	2021	2020
	(Rupees)	
Balance as at 1 July	**906,321,587**	902,969,044
Provision during the year	**15,951,296**	3,352,543
Balance as at 30 June	**922,272,883**	906,321,587

Provision has been made against brokerage and operations and advisory and consultancy fees relating to AHL.

29.4 Refer note 47.1 for the age analysis of total trade debts.

30. LOANS AND ADVANCES - considered good

	Note	2021	2020
		(Rupees)	
Unsecured			
Advance:			
- for expenses		**1,420,968**	889,667
- to consultant	30.1	**9,293,760**	9,393,760
		10,714,728	10,283,427
Secured			
Receivable against reverse repo arrangements	30.2	**268,568,516**	52,152,387
Less: Allowance for impairment	30.3	**-**	(39,711,656)
		268,568,516	12,440,731
Advances / loan to employees	30.4	**5,734,118**	4,991,152
Advance for investment in Silk Islamic Development REIT	30.5	**600,000,000**	-
Loans to related parties:			
Aisha Steel Mills Limited (ASML) - current portion	27	**28,433,492**	28,433,492
		913,450,854	56,148,802

30.1 This represents advance payment made to consultant by AHL, a subsidiary company, in respect of consultancy services on corporate finance projects.

30.2 This represents amount receivable against reverse repo arrangements and are due for maturity on 30 June 2022 . This balance carries interest ranging from 12% to 15% and is secured against shares carrying 30% margin.

30.3 Movement in allowance for impairment relating to Receivable against reverse repo agreement is as follows:

	2021	2020
	(Rupees)	
Balance as at 1 July	**39,711,656**	39,711,656
Reversal during the year	**(39,711,656)**	-
Balance as at 30 June	**-**	39,711,656

30.4 *This includes unsecured advance and loans provided to a key management person amounting to Rs. 4 million (2020: Rs. 4.028 million). Except for the above, the loan and advances are secured against the retirement benefits of respective employees.*

30.5 *This represent advance paid for equity investment in a Sharia Compliant Apartment Development REIT by the Parent Company. The said REIT is in the process of acquiring the land from a commercial bank. Thereafter units of the REIT shall be issued to the subscribers. If the units are not issued to the subscribers, including to the Parent Company, within 240 days of the subscription (i.e. from 30 June 2021 in the Parent Company's case), the same would need to be refunded.*

30.6 *Maximum balance due from related parties in respect of loans and advances as at the end of any month during the year was Rs. 922.5 million (2020: Rs. 790 million).*

31. DEPOSITS AND PREPAYMENTS

	Note	2021	2020
		(Rupees)	
Deposits		1,151,009	1,151,009
Prepayments	31.1	57,087,154	60,155,069
Marginal trading system - exposure deposits	31.2	104,272,293	69,536,251
Others		1,494,222	4,605,916
		164,004,678	135,448,245

31.1 *This amount include prepayments on account of operational insurance made by SEDPL, subsidiary company, amounting to Rs. 52.5 million (2020: Rs. 46.8 million).*

31.2 *This represent amounts of deposits held at the year end against exposure arising out of the trading in securities by AHL and AHCPL, subsidiary companies, in accordance with the regulations of National Clearing Company of Pakistan Limited.*

32. ACCRUED MARK-UP AND OTHER RECEIVABLES

	Note	2021	2020
		(Rupees)	
Mark-up receivable			
From related parties:			
Aisha Steel Mills Limited	27.1	8,589,238	21,441,982
Javedan Corporation Limited (JCL)	32.1	2,722,849	147,616
	32.2	11,312,087	21,589,598
Others	32.4	7,653,086	2,766,237
		18,965,173	24,355,835
Receivable against margin financing	32.5	278,740,032	39,672,373
Less: Allowance for impairment	32.6	(1,917,749)	(1,917,749)
		276,822,283	37,754,624
Guarantee commission receivable	32.7		
Aisha Steel Mills Limited		1,051,623	1,095,427
Power Cement Limited		376,575	445,884
		1,428,198	1,541,311
Other receivables			
Recoverable from CPPA-G	32.8	292,793,753	-
Others	32.9	16,638,617	7,328,589
Dividend receivable		-	91,227,000
		309,432,370	98,555,589
		606,648,024	162,207,359

32.1 *Represents the markup receivable on an unsecured loan of Rs. 250 million given to JCL, which was repaid during the period. The rate of mark-up on the principal balance was 3 month KIBOR plus 2.25% (2020: 3 month KIBOR plus 2.25%) and was payable quarterly.*

32.2 *The Group timely received the above markup subsequent to the year end.*

32.3 *The maximum amount due from related parties in respect of mark-up receivable as at the end of any month during the year was Rs. 11.3 million (2020: Rs.36.32 million). Further, the said receivable from related parties are on account of loans provided to them which are current and not past due.*

32.4 *This includes Rs. 7.65 million (2020: Rs. 2.712 million) due on margin financing.*

32.5 *Margin financing facility is provided to clients on mark-up basis ranging from 12% to 15% (2020: 12% to 18%) per annum. These are due between 1 to 365 days and are secured against collateral in the form of cash and shares.*

32.6 *Movement in allowance for impairment relating to receivable against margin financing is as follows:*

	2021	2020
	(Rupees)	
Balance as at 1 July	1,917,749	1,917,749
Provision during the year	-	-
Balance as at 30 June	1,917,749	1,917,749

32.7 *The maximum amount due from related party in respect of guarantee commission as at the end of any month during the year was Rs. 4.05 million (2020: Rs. 1.79 million).*

32.8 *This includes Rs. 199.1 million paid by SEDPL, subsidiary company, on account of WPPF during the year in respect of financial years 2017 to 2020 and invoiced to Central Power Purchasing Agency (CPPA-G) being pass through item as per the terms of EPA based on discussions with CPPA-G. WPPF being pass through item has no impact on the consolidated statement of profit or loss.*

32.9 *This includes Rs. 8.814 million inadvertently deducted by a bank from the Parent Company's bank account on account of the charges due by a related party to the said Bank. Arrangements have been made for the reversal of the deduction from the Parent Company's bank account.*

33. SHORT TERM INVESTMENTS

	Note	2021	2020
		(Rupees)	
Equity securities - at FVTPL	33.1	7,632,492,911	5,483,967,779
Equity securities - at FVOCI	33.2	206,907,980	724,411,100
Corporate debt securities - at FVTPL	33.3	169,265,468	252,166,556
		8,008,666,359	6,460,545,435

33.1 Equity securities - at FVTPL

	Note	2021	2020
Investment in quoted equity securities			
- Investment in ordinary shares of related parties	33.1.1	3,286,748,289	2,424,528,620
- Investment in preference shares of related parties	33.1.2	854,461,693	-
- Others		3,491,282,929	3,059,439,159
		7,632,492,911	5,483,967,779

33.1.1 *These represents investments in the shares of related parties, namely, in Aisha Steel Mills Limited, Power Cement Limited and Javedan Corporation Limited.*

33.1.2 *These represents investments in the preference shares of Power Cement Limited and Aisha Steel Mills Limited.*

33.1.3 Reconciliation of (loss) / gain on remeasurement of equity investments at FVTPL

	2021	2020
	(Rupees)	
Cost of investment	**6,050,526,378**	6,354,150,788
Unrealised (loss) / gain:		
Balance as at 1 July	**(870,183,009)**	(1,275,482,256)
Unrealised gain for the year	**2,452,149,542**	405,299,247
	1,581,966,533	(870,183,009)
Balance as at 30 June	**7,632,492,911**	5,483,967,779

33.2 Equity securities - at FVOCI

These represents investments by AHL, a subsidiary company in the ordinary shares of Hum Network Limited (HUMNL) listed on Pakistan Stock Exchange.

2021	2020 (Restated)		2021	2020 (Restated)
(Number of shares)		**Investment in quoted equity securities - at fair value through other comprehensive income**	(Rupees)	
57,722,000	-	Opening investment (at cost)	**301,072,400**	-
10,908,000	69,736,000	Investment made during the year	**100,785,445**	363,545,200
(42,831,000)	(12,014,000)	Investment disposed of during the year	**(222,894,650)**	(62,472,800)
25,799,000	57,722,000	**Closing investment (at cost)**	**178,963,195**	301,072,400
		Unrealized gain on remeasurement of investment	**27,944,785**	423,338,700
		Closing investment (at fair value)	**206,907,980**	724,411,100

Restated as mentioned above is due to be reason given in note 3 to these financial statements.

33.3 Corporate debt securities - at FVTPL

	Note	2021	2020
		(Rupees)	
Term Finance Certificates	33.3.1 & 33.3.2	**169,265,468**	252,166,556

33.3.1 This includes Term Finance Certificate (TFCs) amounting to Rs. 145.68 million (2020: 228.53 million) held by subsidiary company, AHL, under Market Making agreements. AHL has entered into Market Marking agreement in accordance with Chapter 12 of PSX Rule Book with various Financial and Corporate Institution. Under market making arrangements, AHL has to maintain minimum inventory of TFC's and Sukuk's to place bid and offer on daily basis, These TFCs and Sukuks carry coupon rate ranging from 3 month KIBOR + 0.9% to 1.9%, 6 month KIBOR + 0.50% to 2.25% (2020: 3 month KIBOR + 0.9% to 1.9%, 6 month KIBOR + 0.5% to 2.25%) calculated on the face value of the respective TFCs and Sukuks that is payable quarterly / semi annually.

33.3.2 *This includes Term Finance Certificates (TFC) of Habib Bank Limited amounting to Rs. 23.59 million (2020: Rs. 23.64 million) under market making arrangements. These TFC carry coupon rate at 3 month KIBOR + 1.6% (2020: 3 month KIBOR + 1.6%) calculated on the face value of the respective TFC that is payable quarterly.*

33.3.3 *This includes fair value gain of Rs. 4.28 million (2020: 7.96 million) recognised in the Consolidated Statement of Profit or Loss.*

33.4 *Fair value of short term investments pledged with banking companies against various financing facilities availed by the company amounts to Rs. 1,498 million (2020: Rs. 306.66 million).*

34. CASH AND BANK BALANCES

	Note	2021	2020
		(Rupees)	
With banks in:			
Current accounts			
- In local currency	34.1	**181,516,593**	68,876,464
- In foreign currency		**6,327,874**	6,768,178
		187,844,467	75,644,642
Deposit accounts	34.2	**3,724,868,957**	1,291,291,355
		3,912,713,424	1,366,935,997
Cash in hand (in local and foreign currency)		**1,031,348**	643,532
		3,913,744,772	1,367,579,529

34.1 *This includes unclaimed dividend deposited in separate dividend account amounting to Rs. 32.26 million (2020: Rs. 32.89 million).*

34.2 *Mark-up on deposit accounts carries profit rates ranging between 2.5% to 7.75% (2020: 4% to 14%) per annum.*

34.3 *Bank balances include customers' bank balances held in designated bank accounts by AHL, subsidiary company, amounting to Rs. 1,563 million (2020: Rs. 777.251 million) maintained on behalf of the clients.*

35. OPERATING REVENUE

	Note	2021	2020
		(Rupees)	
Dividend income		**156,361,946**	239,287,448
Mark-up income on loans and advances	35.1	**25,394,988**	75,808,975
Mark-up income on term finance certificates		**21,326,778**	54,447,908
Brokerage income		**734,357,160**	346,852,997
Mark-up income on bank deposits		**64,996,914**	76,415,349
Guarantee commission income	35.2	**6,378,166**	6,681,530
Underwriting, consultancy and placement commission		**671,628,116**	155,244,981
Revenue from sale of energy - net	35.3	**3,829,226,691**	4,054,698,111
Income from reverse repo transaction		**13,931,717**	39,214,013
		5,523,602,476	5,048,651,312

35.1 *This represents mark-up income on loans extended to related parties, namely Aisha Steel Mills Limited, Power Cement Limited and Javedan Corporation Limited.*

35.2 *This pertains to guarantees issued to related parties namely, Aisha Steel Mills Limited and Power Cement Limited.*

35.3 Revenue from sale of energy - net

	2021	2020
	(Rupees)	
Regular energy	**2,958,625,633**	3,455,699,953
Short fall energy	**980,380,416**	767,400,760
Less: Sales tax	**(422,663,092)**	(496,107,422)
	3,516,342,957	3,726,993,291
Late payment charges	**312,883,734**	327,704,820
	3,829,226,691	4,054,698,111

36. GAIN / (LOSS) ON REMEASUREMENT OF INVESTMENTS - NET

	Note	2021	2020
		(Rupees)	
Long Term Investment - at fair value through profit and loss	26.2.2	9,698,115	(7,965,874)
Short Term Investments - at fair value through profit and loss	33.1.3 & 33.3.3	2,456,429,703	413,265,121
		2,466,127,818	405,299,247

37. COST OF ENERGY SALES

	2021	2020
Salaries, wages and benefits	78,420,052	58,289,058
Operations and maintenance	180,446,847	165,900,824
Travelling and transportation	11,280,789	12,551,887
Land lease rent	1,744,543	1,749,323
Import energy cost	9,838,630	7,569,342
Consultancy services	3,670,655	4,731,034
Legal and professional charges	-	126,000
Communication	4,227,132	4,072,512
Operational insurance	61,028,050	57,186,127
Fee and subscription	1,462,795	1,382,544
Security services	26,287,480	21,696,000
Depreciation	911,507,581	879,933,121
Water charges	6,439,654	7,908,431
Other expenses	4,463,783	4,106,827
Cost of energy's sales	1,300,817,991	1,227,203,030

38. ADMINISTRATIVE EXPENSES

	Note	2021	2020
Salaries and benefits	38.1	311,989,689	227,372,775
Printing and stationery		7,626,652	4,420,004
Communication		24,377,785	17,965,411
Rent, rates and taxes		12,521,301	12,999,680
Utilities		5,921,306	5,551,068
Legal and professional charges		15,167,619	14,512,110
Central Depository Company and clearing house charges		31,009,857	26,256,659
Entertainment		3,226,945	1,378,360
Travel and conveyance		45,359,011	38,738,874
Depreciation	20	56,928,152	48,903,914
Amortisation of intangible assets		418,238	557,142
Repairs and maintenance		41,852,956	33,129,573
Insurance		11,973,246	8,517,501
Fees and subscription		17,465,833	13,240,754
Advertisement, business promotion and research		25,099,945	16,910,713
Meeting expenses		1,075,000	959,829
Auditors' remuneration	38.2	5,875,536	5,813,976
Technical assistance / commission and advisory fee		220,638,503	55,420,466
Man Power Services	38.3	22,800,000	-
Others		11,161,145	9,343,432
		872,488,719	541,992,241

38.1 *This includes the Group's contribution to staff retirement benefits amounting to Rs. 17.25 million (2020: Rs. 14.91 million).*

38.1.1 *Parent Company, AHL and AHCPL have set up provident fund for its employees. All investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.*

38.1.1 *Parent Company, AHL and AHCPL have set up provident fund for its employees. All investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.*

38.2 Auditors' remuneration	**2021**	*2020*
	(Rupees)	
Audit fee	**3,824,000**	*3,662,000*
Interim	**760,000**	*450,000*
Other services (certifications)	**625,000**	*1,198,512*
Out of pocket	**470,536**	*278,500*
Sales tax	**196,000**	*224,964*
	5,875,536	*5,813,976*

38.3 *These represent charges paid by the Subsidiary Company, AHL to M/s. Arif Habib Consultancy (Private) Limited, its related party, in respect of recruitment services obtained for providing senior and highly qualified consultants to lead the Subsidiary Company's investment banking department.*

39. OTHER INCOME	*Note*	**2021**	*2020*
		(Rupees)	
Profit on exposure deposit		**6,840,462**	*5,017,256*
Sale of GSCERs (Carbon Credits)		**36,633,209**	-
Mark-up on Margin Trading System		**32,966,903**	*23,091,097*
Gain on settlement of reverse repo transaction	*39.1*	**24,783,996**	-
Exchange gain		**9,931,353**	*5,977,941*
Gain on sale of investment property		**500,000**	*775,000*
Others		**1,743,616**	*721,483*
		113,399,539	*35,582,777*

39.1 Gain on settlement of reverse repo transaction

Reversal of provision for expected credit losses on other receivables previously recognized	**39,711,656**	-
Less: Loss on disposal of shares held as collateral	**(14,927,660)**	-
	24,783,996	-

40. FINANCE COST	*Note*	**2021**	*2020*
		(Rupees)	
Mark-up on long term loans		**452,332,249**	*722,452,393*
Mark-up on short term borrowings		**146,292,105**	*612,490,449*
Interest expense on lease		**8,273,351**	*10,315,387*
Bank charges		**19,461,224**	*5,955,960*
Amortisation of transaction cost	*40.1*	**146,210,207**	*162,480,256*
Mark-up on Loan from Sponsor	*40.2*	**4,355,592**	-
Mark-up on loan under State Bank of Pakistan scheme		**799,288**	*25,798*
Mark-up on Margin Trading System securities		**3,539,662**	*775,277*
		781,263,678	*1,514,495,520*

40.1 *Relates to a long term loan obtained by SEDPL, a subsidiary company as mentioned in note 10.1.*

40.2 *During the year, the Parent Company availed unsecured finance facility from its major shareholder, Mr. Arif Habib, amounting to Rs. 541 million (2020: Rs Nil) which was repaid during the year. This financing facility carried markup at 3 month KIBOR plus 1.75% calculated on daily product basis. The agreement had expired on 30 June 2021.*

41. OTHER CHARGES

	Note	2021	2020
		(Rupees)	
Donations	41.1	**5,025,000**	223,000
Impairment loss on other receivables		**15,951,296**	5,377,456
Other receivables written-off		**2,612,258**	-
Loss on disposal of fixed / scrap assets		**980,394**	270,618
		24,568,948	5,871,074

41.1 *This include donations paid to following donees:*

Donees	2021	2020
Habib University Foundation	**5,000,000**	-
Saylani Welfare Trust	**25,000**	23,000
Karachi Union of Journalists	**-**	200,000
	5,025,000	223,000

There are no donations to any person, institution or organisation in which a director or his spouse had any interest.

42. TAXATION

	Note	2021	2020
		(Rupees)	
For the year			
- Current		**585,489,294**	113,749,759
- Prior year		**18,916,023**	1,809,246
		604,405,317	115,559,005
Deferred	15.2	**299,703,470**	301,071,705
		904,108,787	416,630,710

42.1 Relationship between tax expense and accounting profit

	2021	2020
Profit before taxation	**9,299,427,426**	3,333,344,658
Tax at the applicable tax rate at 29% (2020: 29%)	**2,696,802,486**	966,669,951
Tax effect of income under final tax regime	**(150,171,479)**	(227,261,285)
Tax effect of income taxed at lower rate	**(1,007,920,822)**	(88,803,625)
Tax effect of minimum tax	**837,240**	54,620,892
Prior year tax effect	**18,916,023**	1,809,245
Tax effect of non-deductible expenses	**643,498,327**	20,897,389
Tax effect of exempt income / permanent difference	**(1,269,398,452)**	(297,061,306)
Others	**(28,454,536)**	(14,240,551)
	904,108,787	416,630,710

Parent Company

42.2 *The provision for current year tax represents tax on taxable income at the rate of 29% (2020: 29%) per annum or minimum tax per annum, whichever is higher. The rate of tax imposed on the taxable income of a Parent Company for the tax year 2021 and onwards is 29%. The Parent Company computes current tax expense based on the generally accepted interpretation of the tax laws to ensure that sufficient provision for the purpose of taxation is available. According to management, the tax provision made in these consolidated financial statements is sufficient.*

42.3 *During the period, the petition filed by the Parent Company against the imposition of super tax for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 for the tax years 2015 to 2019 in the Honourable High Court of Sindh was rejected vide order dated 21 July 2020. The Parent Company, in consultation with its legal and tax advisors, has filed an appeal against the decision of the Honourable High Court of Sindh in the Supreme Court of Pakistan.*

Consequent to the High Court judgement, the tax authorities issued notices to the Parent Company and subsequently framed orders for the recovery of super tax for the relevant tax years. An appeal has been filed against these orders with the Commissioner Inland Revenue (Appeals) along with stay against recovery of demand based on certain contentious and factual grounds. Further, through an interim order dated 26 November 2020, the Honourable Supreme Court of Pakistan has ordered for no coercive action against the petitioners who deposit 50% of outstanding tax demand, accordingly the Parent Company has made the required deposit. The management has assessed the sufficiency of tax provision on account of super tax and considers that these sufficient for the purpose.

Further, the deemed assessments for the tax years 2016 to 2019 were subsequently modified by the Additional Commissioner Inland Revenue by issuing amended assessment orders (Orders), mainly attempting to reclassify company's normal business income to income from other sources. The Parent Company had filed appeal before the CIR (Appeals) against the Orders, who remanded back the liability raised through the Order for tax year 2019. Appeals for remaining tax years are pending for adjudication before CIR (Appeals), while the Parent Company has sought stay on payment of demand from the Honourable High Court of Sindh against the remaining Orders. The legal advisor of the Parent Company is of the opinion that there are reasonable grounds for a favourable decision.

42.4 *In addition to the above certain other appeals are also pending. However adequate provisions are held by the Parent Company.*

AHL, Subsidiary Company

42.5 *Income tax assessments of the Company are deemed to be finalized as per tax returns file up to tax year 2020. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.*

42.6 *AHL had been contesting Civil Suit No. 284/2016 against levy of "Super Tax" u/s 4B of the Income Tax 'Ordinance, 2001 introduced through Finance Act, 2015 in the High Court of Sindh and had not paid the Super 'Tax accordingly. During the year, all the petitions pertaining to "Super Tax" u/s 4B which were filed at branch 'registries were now to be heard by the Honourable Supreme Court of Pakistan as per it's direction. During the 'year, the Honourable Supreme Court of Pakistan directed petitioner taxpayers to deposit 50% of their respective impugned outstanding tax amounts pertaining to super tax u/s 4B with the respondent authorities, no coercive action for recovery shall be taken against such tax payers in the meanwhile.*

Therefore, as per the directive of Honourable Supreme Court of Pakistan the AHL has deposited 50% of their outstanding tax amounts, amounting to Rs. 31.162 million. On a prudent basis, provision continues to be recognized for the remaining 50% of the amount of tax in these consolidated financial statements.

SEDPL, Subsidiary Company

42.7 *Provision for taxation has been booked on interest income at the corporate tax rate of 29% applicable for the tax year 2021. The subsidiary company's income derived from electric power generation and sale of GSCERs is exempt from tax under clause (132) of Part I and clause (65) of Part IV of Second Schedule to the Income Tax Ordinance, 2001 respectively.*

BGPL, Subsidiary Company

42.8 The income tax assessments of BGPL are deemed to have been assessed up to and including the tax year 2020.

42.9 Deferred tax asset amounting to Rs. 15,670,858 (2020: Rs. 15,670,858) in respect of unused tax losses has not been recognised in these financial statements as management of BGPL is of the view that it is not probable at this stage that sufficient taxable profits under normal tax regime will be available in the foreseeable future against which deductible temporary differences can be utilized.

43. EARNINGS PER SHARE - BASIC AND DILUTED

43.1 Basic earnings per share

	2021	2020
	(Rupees)	
Profit after tax attributable to ordinary shareholders	**7,486,464,100**	2,638,518,628
Weighted average number of ordinary shares	**408,375,000**	413,210,041
Earnings per share	**18.33**	6.39

43.2 Diluted earnings per share

Diluted earnings per share has not been presented as there is no convertible instruments in issue as at 30 June 2021 and 30 June 2020 which would have any effect on the earnings per share if the option to convert is exercised.

44. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND OTHER EXECUTIVES

44.1 For the purpose of disclosure, those employees are considered as executives whose basic salary exceeds twelve hundred thousand rupees in a financial year.

44.2 The aggregate amounts charged in these consolidated financial statements in respect of remuneration including benefits to the Chief Executive Officer of the parent company, Directors and other Executives of the Parent and respective subsidiaries are given below:

	Chief Executive Officer		Executive employees	
	2021	2020	2021	2020
	(Rupees)			
Managerial remuneration	**12,000,000**	10,200,000	**126,701,888**	165,089,294
Retirement benefits	**967,740**	822,582	**9,558,568**	11,259,882
Commission and bonus	**3,000,000**	700,000	**152,082,609**	36,541,559
Other allowances	**600,000**	780,000	**7,111,925**	7,103,890
Total	**16,567,740**	12,502,582	**295,454,990**	219,994,625
Number of person(s)	**1**	1	**38**	41

44.3 The Chief Executive Officer draws salary on account of managerial remuneration.

44.4 Besides above, group insurance and medical facilities under insurance coverage were provided to the above mentioned personnel.

44.5 The Chief Executive Officer has been provided with free use of Parent Company's maintained vehicles in accordance with the policy. The net book value of these vehicles provided to chief executive officer are Rs. 17.24 million (2020: Rs. 21.56 million).

44.6 Executives as mentioned above include Chief Executive Officers of subsidiary companies.

44.7 Meeting fees paid to the Directors during the year amounted to Rs. 0.9 million (2020: Rs. 0.75 million).

44.8 All above are the key management personnel of the Group.

45. CASH GENERATED FROM OPERATIONS

	2021	2020
	(Rupees)	
Profit before tax	**9,299,427,426**	3,333,344,658
Adjustments for:		
Depreciation	**968,435,733**	930,655,416
Amortisation of intangible assets	**418,238**	557,142
Mark-up income	**(111,718,680)**	(75,808,975)
Share of profit of equity-accounted investees - net of tax	**(2,607,451,994)**	(1,441,134,146)
Unrealised gain on investment property	**(290,384,768)**	(132,000,000)
Gain on sale of investment property	**(500,000)**	(775,000)
Provision for gratuity	**6,650,423**	6,139,167
Unrealised (gain) / loss on remeasurement of other long term investment	**(9,698,115)**	20,989,872
Unrealised gain on remeasurement of short term investment	**(2,456,429,703)**	(405,299,247)
Loss on sale of property, plant and equipment	**980,394**	270,618
Impairment loss on trade debts	**15,951,296**	5,377,456
Other receivables written-off	**(2,612,258)**	-
Amortisation of land lease rent	**1,744,543**	1,749,323
Amortisation of transaction cost	**146,210,207**	162,480,256
Interest expense on lease	**8,273,351**	10,315,387
Finance cost	**607,318,896**	1,341,699,877
	(3,722,812,437)	425,217,146
	5,576,614,989	3,758,561,804
Changes in working capital:		
Decrease / (increase) in current assets		
Trade debts	**(912,467,025)**	(980,039,126)
Loans and advances	**(857,302,052)**	19,621,721
Deposits and prepayments	**(28,556,433)**	259,979,058
Receivable from Sale of securities	**79,559,207**	-
Accrued mark-up and other receivables	**(447,219,069)**	32,598,714
Short term investments	**696,853,179**	6,335,728,930
Long term deposits and other receivables	**(946,953)**	854,440
Advance sales tax	**-**	20,654,047
	(1,470,079,146)	5,689,397,784
(Decrease) / increase in current liabilities		
Trade and other payables	**1,141,188,174**	(4,830,754,740)
Payable against purchase of investment - net	**53,758,623**	(2,456,621)
Unclaimed dividend	**(631,144)**	(13,276,554)
	1,194,315,653	(4,846,487,915)
Cash generated from operations	**5,300,851,496**	4,601,471,673

46. CASH AND CASH EOUIVALENTS

	Note	2021	2020
		(Rupees)	
Cash and bank balances	34	**3,913,744,772**	1,367,579,529
Short term borrowings	17	**(3,437,053,359)**	(3,436,903,268)
		476,691,413	(2,069,323,739)

47. FINANCIAL INSTRUMENTS

The Group has exposures to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

47.1 Credit risk

Credit risk reported the financial loss that would be recognised at the reporting date if counterparties fail to meet its contractual obligations. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Group believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	2021	2020
	(Rupees)	
Trade debts	**4,539,307,282**	3,642,791,553
Long term deposits	**32,258,095**	31,738,840
Loans	**297,002,008**	175,844,864
Accrued mark-up and other receivables	**609,473,162**	164,604,799
Deposits	**106,917,524**	75,293,176
Investments in corporate debt securities	**169,265,465**	252,166,556
Bank balances	**3,912,713,424**	1,366,935,997
	9,666,936,960	5,709,375,785

Trade debts

The maximum exposure to credit risk for trade debts at the reporting date by geographic region were as follows:

	2021	2020
	(Rupees)	
Domestic (Pakistan)	**4,539,307,282**	3,642,791,553

At 30 June, the age analysis of trade debts was as follows:

	2021		2020	
	Gross	Impairment loss	Gross	Impairment loss
	(Rupees)			
Neither past due nor impaired	**1,447,708,609**	**-**	1,194,683,765	-
Past due 1 - 30 days	**506,320,031**	**-**	401,889,106	-
Past due 31 - 180 days	**390,325,782**	**(5,904,661)**	1,662,240,775	(5,102,760)
More than 180 days	**3,117,225,743**	**(916,368,222)**	964,274,274	(901,218,827)
	5,461,580,165	**(922,272,883)**	4,223,087,920	(906,321,587)

Based on the historical expenses and the assessment of the credit worthiness of the debtors, the Group management is of the view that no provision in addition to the above impairment loss, as recorded, needs to be so recorded. Apart from the above past due balances, none of the other financial assets are past due / overdue.

Credit ratings of the bank balances

As at 30 June 2021 the Group has placed funds with banks having good credit ratings. The credit ratings to respective banks have been assigned by independent credit rating agencies. At reporting date credit ratings of respective banks were as follows:

	Short term	Long term
PACRA	A1 to A1+	AA- to AAA+
JCR-VIS	A3 to A1+	BBB- to AAA

47.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or that such obligations will have to be settled in a manner disadvantageous to the Group. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Group finances its operations through equity, borrowings and working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. Management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of financial liabilities, based on undiscounted cash flow basis:

	2021			
	Carrying amount	**Contractual cash flows**	**Upto one year**	**More than one year**
	---- (Rupees) ----			
Financial liabilities				
Long term loans	**9,045,285,366**	**10,759,082,283**	**1,598,547,461**	**9,160,534,822**
Land lease liability	**12,070,114**	**39,610,000**	**1,360,000**	**38,250,000**
Lease liability against right of use assets	**62,945,714**	**65,527,099**	**43,457,394**	**22,069,705**
Trade and other payables	**1,889,396,594**	**1,889,396,594**	**1,889,396,594**	**-**
Payable against purchase of investment - net	**53,758,623**	**53,758,623**	**53,758,623**	**-**
Unclaimed dividend	**32,258,610**	**32,258,610**	**32,258,610**	**-**
Short term borrowings	**3,437,053,359**	**3,437,053,359**	**3,437,053,359**	**-**
Mark-up payable	**79,028,184**	**79,028,184**	**-**	**-**
	14,611,796,564	**16,355,714,752**	**7,055,832,041**	**9,220,854,527**

	2020			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	---- (Rupees) ----			
Financial liabilities				
Long term loans	11,703,523,858	14,502,417,111	2,154,166,667	12,348,250,444
Subordinated loan	300,000,000	300,000,000	-	-
Land lease liability	11,685,571	41,774,822	1,360,000	40,414,822
Lease liability against right of use assets	65,720,505	83,460,789	26,029,805	57,430,984
Trade and other payables	978,673,967	978,673,967	978,673,967	-
Unclaimed dividend	32,889,754	32,889,754	32,889,754	-
Short term borrowings	3,436,903,268	3,436,903,268	3,436,903,268	-
Mark-up payable	180,310,125	180,310,125	-	-
	16,709,707,048	19,556,429,836	6,630,023,461	12,446,096,250

47.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group is exposed to currency risk, interest rate risk and price risk.

a) Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently, the Group's foreign exchange risk exposure is restricted to cash and bank balances which is denominated in foreign currency. The Group's management believes that the Group's exposure emanating from any fluctuations in the foreign currencies is not required to be hedged.

Financial assets	**2021**		2020	
	Rupees	**US Dollars**	Rupees	US Dollars
Cash in hand	**6,312**	**40**	6,751	40
Bank balances	**6,327,874**	**40,101**	6,768,178	40,101

The following significant exchange rates were applicable during the year:

	Average rates		**Reporting date rate**	
	2021	2020	**2021**	2020
US Dollars to Pakistan Rupee	**163.29**	158.48	**157.80**	168.77

Sensitivity analysis of above financial assets

A 10 percent strengthening / (weakening) of the Pakistan Rupee against various foreign currencies at 30 June would have (decreased) / increased the consolidated profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2020.

	Effect on profit and loss	
	2021	2020
	(Rupees)	
As at 30 June Effect in US Dollars	**633,419**	677,493

Sachal Energy Development (Private) Limited (SEDPL) - subsidiary company

The potential currency exposures are discussed below:

i) Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of SEDPL are periodically translated to PKR equivalent, and the associated gain or loss is capitalized based on SECP's S.R.O. 986/(1)/2019 dated September 02, 2019. The foreign currency risk related to monetary items is managed as part of the risk management strategy. SEDPL is also covered under the EPA to recover the forex loss under the tariff.

ii) Transactional exposure In respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by SEDPL in currencies other than the functional currency. Certain receipts are received in currency other than the functional currency of SEDPL. These currency risks are managed as a part of overall risk management strategy. SEDPL does not enter into forward exchange contracts.

iii) Exposure to foreign currency risk

SEDPL is not exposed to currency risk due to the mechanism for indexation of tariff available to it. Had this mechanism been not available to SEDPL, then its exposure to currency risk would have been as follows based on notional amount:

	2021	2020
	(US Dollar)	
Long term loan	**60,000,000**	70,000,000
Accrued markup	**328,563**	440,734
Operational and maintenance payable	**471,500**	942,500
Net exposure	**60,800,063**	71,383,234

Sensitivity

Had the mechanism for Indexation of tariff not been available to SEDPL, then an increase of 1% in exchange rate at the reporting date would have decreased the consolidated profit or loss by the amounts shown below.

	Profit or loss	
	2021	2020
	(Rupees)	
US Dollar balances	**96,246,499**	120,459,208

A 1% decrease in exchange rate would have had an equal but opposite effect to the amount shown above.

b) Interest / mark-up rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from financial assets and financial liabilities as stated below.

At the reporting date, the interest rate profile of the Group's significant interest-bearing financial instruments was as follows:

	Note	2021	2020
		Carrying amounts (in Rupees)	
Financial assets - variable rate instruments			
Long term loan to a related party	27	**163,404,133**	163,404,133
Receivable against reverse repo	30.2	**268,568,516**	12,440,731
Bank balances	34.2	**3,724,868,957**	1,291,291,355
Corporate debt securities	33.3	**169,265,468**	252,166,556
Financial liabilities			
Variable rate instruments			
Long term loans	10	**9,020,261,481**	11,688,538,535
Short term finances	17	**3,437,053,359**	3,436,903,268
Sub-ordinated loan	18	**-**	300,000,000
Fixed rate instruments			
Loan under State Bank of Pakistan scheme	13	**25,023,885**	14,985,323
Lease liability against right of use assets	12.2	**62,945,714**	65,720,505

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect the consolidated statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates would have decreased / (increased) profit for the year by the amounts shown below.

	Profit and loss 100 bps	
	Increase	Decrease
	(Rupees)	
As at 30 June 2021		
Variable rate financial liabilities	**(124,573,148)**	**124,573,148**
Variable rate financial assets	**41,568,416**	**(41,568,416)**
As at 30 June 2020		
Variable rate financial liabilities	(151,254,418)	151,254,418
Variable rate financial assets	14,671,362	(14,671,362)

The above sensitivity is not necessarily indicative of the actual effect of changes in interest rate as those are based on management's best estimate of possible change of interest rate in future.

c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark-up rate risk or currency risk), whether those changes caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Group is exposed to equity price risk since it has investments in are quoted equity securities.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date except for unquoted securities which are carried at fair value determined through valuation techniques. Market prices are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realised in the sale of a particular security may be affected by the relative quantity of the security being sold.

In addition to the above, the Group also has investments in unquoted securities, values of which are determined as mentioned in note 26.2.

Sensitivity analysis

The table below summarizes the Group's equity price risk as of 30 June 2021 and 2020 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Accordingly, the sensitivity analysis prepared is not necessarily indication of the effect on Group's net assets of future movement in the level of PSX 100 index / trade rates.

Details of the financial instruments exposed to price risk are as follows:

	Note	2021	2020
		(Rupees)	
Investments in unquoted equity shares	26.2	**54,754,771**	45,056,656
Investments in listed shares		**7,839,400,891**	6,208,378,879

	Fair value at the year end	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss) before tax
	(Rupees in million)				
30 June 2021	**7,894**	**30% increase**	**10,262.40**	**268.98**	**2,099.27**
		30% decrease	**5,525.91**	**(268.98)**	**(2,099.27)**
30 June 2020	6,253	30% increase	8,263.58	1,075.85	831.13
		30% decrease	4,449.62	(1,075.85)	(831.13)

47.4 Financial instruments by categories

The following table shows the carrying amount of financial assets and financial liabilities.

	Mandatorily at FVTPL	FVOCI - Equity Instruments	Designated at FVTPL	Financial assets/liabilities at amortized cost
	(Rupees)			
30 June 2021				
Financial assets measured at fair value				
Equity securities	7,632,492,911	206,907,980	54,754,771	-
Corporate debt securities	-	-	169,265,468	-
Financial assets not measured at fair value				
Cash and bank balances	-	-	-	3,913,744,772
Trade debts	-	-	-	4,539,307,282
Long term deposits	-	-	-	32,258,095
Loans	-	-	-	297,002,008
Accrued mark-up and other receivables	-	-	-	609,473,162
Deposits	-	-	-	106,917,524
	7,632,492,911	206,907,980	224,020,239	9,498,702,843
Financial liabilities not measured at fair value				
Long term loans	-	-	-	9,045,285,366
Land lease liability	-	-	-	12,070,114
Lease liability against right of use assets	-	-	-	62,945,714
Trade and other payables	-	-	-	1,889,396,594
Payable against purchase of investment - net	-	-	-	53,758,623
Unclaimed dividend	-	-	-	32,258,610
Short term borrowings	-	-	-	3,437,053,359
Mark-up payable	-	-	-	79,028,184
	-	-	-	14,611,796,564

	Mandatorily at FVTPL - Others	FVOCI - Equity Instruments	Designated at FVTPL	Financial assets at amortized cost
	(Rupees)			
30 June 2020				
Financial assets measured at fair value				
Equity securities	5,483,967,779	827,578,375	45,056,656	-
Corporate debt securities	-	-	252,166,556	-
Financial assets not measured at fair value				
Cash and bank balances	-	-	-	1,367,579,529
Trade debts	-	-	-	3,642,791,553
Long term deposits	-	-	-	31,738,840
Loans	-	-	-	175,844,864
Accrued mark-up and other receivables	-	-	-	164,604,799
Deposits	-	-	-	75,293,176
	5,483,967,779	827,578,375	297,223,212	5,457,852,761
Financial liabilities not measured at fair value				
Long term loans	-	-	-	11,703,523,858
Subordinated loan	-	-	-	300,000,000
Land lease liability	-	-	-	11,685,571
Lease liability against right of use assets	-	-	-	65,720,505
Trade and other payables	-	-	-	978,673,967
Unclaimed dividend	-	-	-	32,889,754
Short term borrowings	-	-	-	3,436,903,268
Mark-up payable	-	-	-	180,310,125
	-	-	-	16,709,707,048

47.5 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liability				Equity			Total
	Short term borrowings used for cash management purpose including related accrued mark-up	Long term loan including related accrued mark-up	Lease liabilities against right-of-use assets	Land lease liability	Reserves	Unappropriated profit (reserve)	Non controlling interests	
	(Rupees)							
Balance as at 1 July 2020	3,830,530,276	11,790,206,975	65,720,505	11,685,571	4,312,909,793	14,878,924,941	2,086,717,522	36,976,695,583
Changes from financing cash flows								
Repayment of loan	(300,000,000)	(2,058,637,261)	-	-	-	-	-	(2,358,637,261)
Proceeds from loan under SBP scheme	-	15,754,164	-	-	-	-	-	15,754,164
Repayment of loan under SBP scheme	-	(5,715,602)	-	-	-	-	-	(5,715,602)
Lease rentals paid	-	-	(35,730,327)	-	-	-	-	(35,730,327)
Dividend paid	-	-	-	-	-	(612,562,500)	-	(612,562,500)
Distribution by subsidiary to non-controlling interest	-	-	-	-	-	-	(45,385,290)	(45,385,290)
Total changes from financing activities	(300,000,000)	(2,048,598,699)	(35,730,327)	-	-	(612,562,500)	(45,385,290)	(3,042,276,816)
Other changes								
Interest expense	172,465,939	434,852,957	8,273,351	-	-	-	-	615,592,247
Interest paid	(239,121,325)	(469,479,512)	-	-	-	-	-	(708,600,837)
Additions / modifications to lease liabilities	-	-	24,682,185	-	-	-	-	24,682,185
Amortisation of land lease rent	-	-	-	1,744,543	-	-	-	1,744,543
Land lease rent paid	-	-	-	(1,360,000)	-	-	-	(1,360,000)
Transaction cost relating to long term loan	-	146,210,207	-	-	-	-	-	146,210,207
Impact of revaluation of foreign liability	-	(755,850,000)	-	-	-	-	-	(755,850,000)
Changes in running finance - net	150,091	-	-	-	-	-	-	150,091
Total loan related other changes	(66,505,295)	(644,266,348)	32,955,536	384,543	-	-	-	(677,431,564)
Total equity related other changes	-	-	-	-	(258,504,769)	7,600,807,389	844,233,708	8,186,536,328
Balance as at 30 June 2021	3,464,024,981	9,097,341,928	62,945,714	12,070,114	4,054,405,024	21,867,169,830	2,885,565,940	41,443,523,531
Difference	-	-	-	-	-	-	-	-
Principal	3,437,053,359	9,045,285,366	62,945,714	12,070,114	-	-	-	-
Mark-up	26,971,622	52,056,562	-	-	-	-	-	-
Equity	-	-	-	-	4,054,405,024	21,867,169,830	2,885,565,940	
	3,464,024,981	9,097,341,928	62,945,714	12,070,114	4,054,405,024	21,867,169,830	2,885,565,940	41,443,523,531

	Liability				*Equity*			*Total*
	Short term borrowings used for cash management purpose including related accrued mark-up	*Long term loan including related accrued mark-up*	*Lease liabilities against right-of-use assets*	*Land lease liability*	*Reserves*	*Unappropriated profit (reserve)*	*Non controlling interests*	
	(Rupees)							
Balance as at 1 July 2019	4,883,687,402	12,492,059,288	-	11,296,248	4,034,076,005	12,957,205,428	1,777,221,910	36,155,546,281
Changes from financing cash flows								
Repayment of long term Loan	-	(1,578,500,000)	-	-	-	-	-	(1,578,500,000)
Proceed from long term loan	-	499,987,261	-	-	-	-	-	499,987,261
Loan under State Bank of Pakistan scheme	-	14,985,323	-	-	-	-	-	14,985,323
Loan received from sponsor - net	300,000,000	-	-	-	-	-	-	300,000,000
Lease rentals paid	-	-	(41,708,075)	-	-	-	-	-
Buy-back of shares by Parent Company	-	-	-	-	-	(771,375,000)	-	(771,375,000)
Buy-back of shares by Subsidiary Company	-	-	-	-	-	-	(231,000,000)	(231,000,000)
Total changes from financing activities	300,000,000	(1,063,527,416)	(41,708,075)	-	-	(771,375,000)	(231,000,000)	(1,765,902,416)
Other changes								
Interest expense	619,247,484	722,452,393	10,315,387	-	-	-	-	1,352,015,264
Interest paid	(697,549,782)	(754,257,546)	-	-	-	-	-	(1,451,807,328)
Additions to lease liabilities	-	-	97,113,193	-	-	-	-	97,113,193
Amortisation of land lease rent	-	-	-	1,749,323	-	-	-	1,749,323
Land lease rent paid	-	-	-	(1,360,000)	-	-	-	(1,360,000)
Transaction cost relating to long term loan	-	162,480,256	-	-	-	-	-	162,480,256
Impact of revaluation of foreign liability	-	231,000,000	-	-	-	-	-	231,000,000
Changes in running finance - net	(1,274,854,828)	-	-	-	-	-	-	(1,274,854,828)
Total loan related other changes	(1,353,157,126)	361,675,103	107,428,580	389,323	-	-	-	(883,664,120)
Total equity related other changes	-	-	-	-	278,833,788	2,693,094,513	540,495,612	3,512,423,913
Balance as at 30 June 2020	3,830,530,276	11,790,206,975	65,720,505	11,685,571	4,312,909,793	14,878,924,941	2,086,717,522	37,018,403,658
Difference	-	-	-	-	-	-	-	-
Principal	3,736,903,268	11,703,523,858	65,720,505	11,685,571	-	-	-	15,517,833,202
Mark-up	93,627,008	86,683,117	-	-	-	-	-	180,310,125
Equity	-	-	-	-	4,312,909,793	14,878,924,941	2,086,717,522	21,278,552,256
	3,830,530,276	11,790,206,975	65,720,505	11,685,571	4,312,909,793	14,878,924,941	2,086,717,522	36,976,695,583

48. *FAIR VALUE MEASUREMENTS*

A number of the Group's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and financial liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group management engage independent external experts / valuers to carry out valuation of its non-financial assets (i.e. Investment Property) and financial assets where prices are not quoted or readily available in the market. Involvement of external valuers is decided upon by management. Selection criteria include market knowledge, relevant experience, reputation, independence and whether professional standards are maintained.

When measuring the fair value of an asset or a liability, the Group uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.*
- *Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).*
- *Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).*

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Group determines fair values using valuation techniques unless the instruments do not have a market / quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Group include discounted cash flow model for valuation of unquoted equity securities. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

	30 June 2021							
	Carrying amount					Fair value		
	Mandatorily/ designated at FVTPL	FVOCI - Equity Instruments	Financial assets at amortized cost	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)							
Financial assets measured at fair value								
Equity securities	7,687,247,682	206,907,980	-	-	-	7,839,400,891	-	54,754,771
Debt securities	169,265,468	-	-	-	-	-	169,265,468	-
Financial assets not measured at fair value								
Cash and bank balances	-	-	3,913,744,772	-	-	-	-	-
Trade debts	-	-	4,539,307,282	-	-	-	-	-
Deposits	-	-	139,175,619	-	-	-	-	-
Loans (long term and short term)	-	-	297,002,008	-	-	-	-	-
Accrued mark-up and other receivables	-	-	609,473,162	-	-	-	-	-
	7,856,513,150	206,907,980	9,498,702,843	-	-			
Financial liabilities not measured at fair value								
Long term loans	-	-	-	-	9,045,285,366	-	-	-
Land lease liability	-	-	-	-	12,070,114	-	-	-
Lease liability against right of use assets	-	-	-	-	62,945,714	-	-	-
Trade and other payables	-	-	-	-	1,889,396,594	-	-	-
Payable against purchase of investment - net	-	-	-	-	53,758,623	-	-	-
Unclaimed dividend	-	-	-	-	32,258,610	-	-	-
Short term borrowings	-	-	-	-	3,437,053,359	-	-	-
Mark-up payable	-	-	-	-	79,028,184	-	-	-
	-	-	-	-	14,611,796,564			

	30 June 2020							
	Carrying amount					Fair value		
	Mandatorily/ designated at FVTPL	FVOCI - Equity Instruments	Financial assets at amortized cost	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)							
Financial assets measured at fair value								
Equity securities	5,529,024,435	827,578,375	-	-	-	6,208,378,879	-	45,056,656
Debt securities	252,166,556	-	-	-	-	-	252,166,556	
Financial assets not measured at fair value								
Cash and bank balances	-	-	1,367,579,529	-	-	-	-	-
Trade debts	-	-	3,642,791,553	-	-	-	-	-
Deposits	-	-	107,032,016	-	-	-	-	-
Loans (long term and short term)	-	-	175,844,864	-	-	-	-	-
Accrued mark-up and other receivables	-	-	164,604,799	-	-	-	-	-
	5,781,190,991	827,578,375	5,457,852,761	-	-			
Financial liabilities not measured at fair value								
Long term loans	-	-	-	-	11,703,523,858	-	-	-
Subordinated loan	-	-	-	-	300,000,000	-	-	-
Land lease liability	-	-	-	-	11,685,571	-	-	-
Lease liability against right of use assets	-	-	-	-	65,720,505	-	-	-
Trade and other payables	-	-	-	-	978,673,967	-	-	-
Unclaimed dividend	-	-	-	-	32,889,754	-	-	-
Short term borrowings	-	-	-	-	3,436,903,268	-	-	-
Mark-up payable	-	-	-	-	180,310,125	-	-	-
	-	-	-	-	16,709,707,048			

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

Unlisted equity instruments	**2021**	*2020*
	(Rupees)	
Balance at 1 July	**45,056,656**	*53,022,530*
Total gains recognised in consolidated statement of profit or loss on remeasurement of investment	**9,698,115**	*(7,965,874)*
Balance at 30 June	**54,754,771**	*45,056,656*

Fair value of financial instruments not measured at fair values have not been disclosed as these are either short term in nature or repriced periodically. Accordingly, the management is of the view that the carrying amount of these instruments approximate their fair values.

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the consolidated statement of financial position, as well as the significant unobservable inputs used.

Assets measured at fair value	**Date of valuation**	**Valuation approach and input used**		**Inter-relationship between significant unobservable Inputs and fair value measurement**
Non-financial assets at fair value				
Investment Properties (refer note 24) Level 3	*30 June 2021*	*The valuation approach is based on the rates per square yard on which the properties would be sold on the date of valuation. In determining the valuation, development progress, market condition, sale price, potential future value, location, identification of plot, approach to area, utilities / services, size of plots and other factors have been considered. Potential values was mainly considered due to inherent value of land which may enhance with passage of time or in some alternative use within sight. Further, the inherent quality of the property itself create condition for its particular suitability for such better use. The consideration of potential value becomes relevant in such situation.*		*The fair value are subjected to change owing to change in input. However, management does not expect material sensitivity to the fair values arising from non-observable inputs.*
Financial assets at fair value				
Equity securities - unquoted (refer note 26.2) Level 3	*30 June 2021*	*Discounted cash flows: The valuation model considers the present value of future cash flow of investee company discounted using a risk-adjusted discount rate. The cash flow projection include specific estimates for 5 years.*		*The estimated fair value would increase / (decrease) if: - number of operating days increase / (decrease) - the annual growth rate were higher or lower - the EBITDA margin were higher or lower*
		Inputs used: Long term growth rate	*6%*	
		Long term return on equity	*17.37%*	*Generally, a change in the annual growth rate is accompanied by a directionally similar change in EBITDA margin.*
Term Finance Certificates (TFCs) (refer note 33.3) Level 2	*30 June 2021*	*Market comparison The fair value is determined considering trade notes quoted by MUFAP.*		*Not applicable*

The reconciliation of investment property has been disclosed in respective note; hence not disclosed separately. The fair value of investment property amounting to Rs. 1,968.8 million (2020: Rs. 1,678.4 million) has been classified under level 3 in fair value hierarchy.

49. CAPITAL MANAGEMENT

49.1 *The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Group defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes in the Group's approach to capital management during the year. The Group is not exposed to externally imposed capital requirements, except as follows:*

49.2 *The Capital adequacy level of AHL and AH 1857 as required by CDC is calculated as follows;*

	2021	2020 (Restated)
	(Rupees)	
Total assets	8,519,144,455	6,914,895,478
Less: Total liabilities	(3,476,761,985)	(3,598,362,366)
Less: Revaluation Reserves (created upon revaluation of fixed assets)	(15,432,500)	(15,432,500)
Capital adequacy level	5,026,949,970	3,301,100,612

While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate as at year ended as determined by Pakistan Stock Exchange has been considered.

49.3 NET CAPITAL BALANCE

Net capital requirements of AHL and AH1857 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 of AHL and AH1857 as required under Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines is calculated as follows;

Description	Valuation	Note	(Rupees)
CURRENT ASSETS			
Cash and Bank Balances	As per Book Value	49.4(i)	2,723,530,837
Trade Receivables	Book Value less overdue for more than 14 days	49.4(ii)	156,191,039
Investment in listed securities in the name of broker.	Securities marked to market less 15% discount	49.4(iii)	2,210,877,692
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.	49.4(iv)	181,417,592
Listed TFCs/Corporate Bonds of not less than BBB grade assigned by a credit rating company in Pakistan	Marked to market less 10% discount.	49.4(v)	152,338,921
			-
FIBs	Marked to market less 5% discount.		-
Treasury Bill	At market value		-
Any other current asset specified by the customer	As per the valuation basis determined by the commission		
			5,424,356,081
CURRENT LIABILITIES			
Trade Payables	Book value less overdue for more than 30 days	49.4(vi)	1,485,408,156
Other Liabilities	As per Book values	49.4(vii)	1,987,828,413
			3,473,236,569
Net capital balance as at 30 June 2021			1,951,119,512

49.4	**Notes to the net capital balance of AHL**	**(Rupees)**
(i)	**Cash and bank balances**	
	Cash in hand	650,596
	Exposure margin deposited to NCCPL	45,509,466
	Bank balance pertaining to clients	2,603,660,561
	Bank balance pertaining to brokerage house	73,710,214
		2,723,530,837
(ii)	**Trade receivables**	
	Gross value-Trade debts	965,131,291
	Gross value-Margin Financing	247,573,495
		1,212,704,786
	less: Provision for doubtful debts	
	Book value	
	Overdue for more than 14 days - Trade Debts	(891,047,114)
	less: Provision for doubtful debts	
	Overdue for more than 14 days - book value	(170,188,952)
		151,468,720
	Balance against unsettled trade	4,722,319
		156,191,039
(iii)	**Investment in Listed Securities in the name of broker**	
	Securities marked to market	2,601,032,579
	Less 15% discount	(390,154,887)
		2,210,877,692
(iv)	**Securities purchased for client**	
	Overdue balance for more than 14 days - gross value	1,061,236,066
	Lower of overdue balance and securities held against such balance	181,417,592
(v)	**Listed TFCs/Corporate Bonds/ Others of not less than BBB grade assigned by a credit rating company in Pakistan**	
	Securities marked to market	169,265,468
	less: 10% discount	(16,926,547)
		152,338,921
(vi)	**Trade payables**	
	Book value	1,554,805,839
	Less: overdue for more than 30 days	(69,397,683)
		1,485,408,156
(vii)	**Other liabilities**	
1	Creditors overdue for more than 30 days	69,397,683
2	Commission payable	102,628,722
3	Accrued expenses	19,968,931
4	Withholding tax payable	71,302,613
5	Sindh sales tax and federal excise duty payable	22,809,898
6	Advance from related party	6,743,695
7	Other liabilities	11,735,305
8	Short term borrowings- secured	1,369,369,349
9	Current portion of lease liability	26,696,871
10	Unclaimed dividend	14,920,013
11	Payable against purchase of securities-net	53,758,623
12	Accrued markup on short term borrowings	18,639,958
13	Taxation - net	199,213,556
14	Accrued liability and other payable	643,196
		1,987,828,413

49.5 Liquid Capital of AHL

S No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	2,072,558,817	100%	-
1.2	Intangible Assets	9,083,336	100%	-
1.3	Investment in Govt. Securities (150,000*99)	-	-	-
1.4	**Investment in Debt. Securities**			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	38,155,343	5%	36,247,576
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.5%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10%	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.5%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15%	-
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.	2,542,614,467	389,562,733	2,153,051,734
	ii. If unlisted, 100% of carrying value.	54,754,771	100%	-
	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.	-	-	-
	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. (19 July 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favour of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favour 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 (25 August 2017)	-	-	-
1.6	Investment in subsidiaries	81,558,105	100%	-
1.7	**Investment in associated companies/undertaking**			
	i. If listed 20% or VaR of each securities as computed by the Securitas Exchange for respective securities whichever is higher.	58,418,112	14,590,280	43,827,832
	ii. If unlisted, 100% of net value.	-	100%	-
1.8	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.	2,979,854	100%	-
1.9	Margin deposits with exchange and clearing house.	45,509,466	-	45,509,466
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	14,874,558	100%	-
1.12	Statutory or regulatory deposit /basic deposit with exchanges,clearing house or central depository or any other entity	16,507,500	100%	-
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%	-
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.)	268,568,516	-	268,568,516
1.15	Advacnes and receivable other than Trade receivable I)No haircut may be applied on short term loan to employees provided these loans are secured and due for repayment within 12 months. 2)No haircut may be applied to the advance tax to the extent it is netted with provision of taxation. 3) In all other cases, I00% of net value	13,733,165	100%	-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	-	-	-
	Receivables other than trade receivables		100%	-

S.No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
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.	4,722,319	-	4,722,319
	ii. Receivable on entitlements against trading of securities in all markets including MtM gains.	-	-	-
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**	245,655,746	8,099,720	237,556,026
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. **ii. Net amount after deducting haircut**	-	5%	-
	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 haircut**	-	-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. **iv. Balance sheet value**	187,536,573	-	187,536,573
	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**	48,427,889	31,888,522	16,539,367
	vi. 100% haircut in the case of amount receivable form related parties.	4,354,422	100%	-
1.18	**Cash and Bank balances**			
	I. Bank Balance-proprietory accounts	73,710,214	-	73,710,214
	ii. Bank balance-customer accounts	2,603,660,551	-	2,603,660,551
	iii. Cash in hand	650,596	-	650,596
1.19	**Total Assets**	**8,388,034,320**		**5,671,580,770**
2. Liabilities				
2.1	**Trade Payables**			
	i. Payable to exchanges and clearing house	53,758,623	-	53,758,623
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	1,554,805,840	-	1,554,805,840
2.2	**Current Liabilities**			
	i. Statutory and regulatory dues	94,112,511	-	94,112,511
	ii. Accruals and other payables	175,179,124	-	175,179,124
	iii. Short-term borrowings	1,369,369,349	-	1,369,369,349
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	26,696,871	-	26,696,871
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	199,314,252	-	199,314,252
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2. Liabilities				
2.3	**Non-Current Liabilities**			
	i. Long-Term financing	-	-	-
	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	-	-	-
	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. 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 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	3,525,415	-	3,525,415

S.No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2.4	**Subordinated Loans**			
	i. 100% of Subordinated loans which fulfil the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfil 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 fulfil the conditions specified by SECP	-	-	-
2.5	**Total Liabilities**	**3,476,761,985**		**3,476,761,985**
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.	-	138,875,247	138,875,247
3.2	**Concentration in securities 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 issues :** 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 issues 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 currency less total liabilities denominated in foreign currency	-	-	-
3.6	Investment in subsidiaries	-	-	-
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 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.	-	84,285,277	84,285,277
3. Ranking Liabilities Relating to:				
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	-	43,239,281	43,239,281
3.9	**Opening Positions in futures and options**			
	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	-	-	-
3.10	**Short sell 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 Liabilities**	**-**	**266,399,805**	**266,399,805**
		4,911,272,335		**1,928,418,980**

50. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprises of the Group companies, directors and their close family members, major shareholders of the Group, key management personnel and staff provident fund. Transactions with related parties are carried out at rates agreed under the agreement / contract.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The Group considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-executive Director and Departmental Heads to be its key management personnel. Remuneration and benefits to executives of the Group are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration of chief executive, directors and executives (key management personnel) are disclosed in note 44 to these consolidated financial statements.

Transactions with related parties during the year other than those disclosed elsewhere in these consolidated financial statements are given below:

Name of the related party	Transactions during the year	2021	2020
		(Rupees)	
Associates			
Fatima Fertilizer Company Limited	Dividend received	**1,435,500,927**	-
MCB - Arif Habib Savings and Investments Limited	Dividend received	**97,488,752**	50,910,792
Associated companies by virtue of common directorship and other related parties			
Aisha Steel Mills Limited	Mark-up on loan	**20,504,114**	83,097,142
	Mark-up received	**33,356,858**	97,007,387
	Loan extended	**1,630,000,000**	2,075,000,000
	Loan repaid	**1,630,000,000**	2,093,955,660
	Guarantee commission income	**4,409,707**	5,023,384
	Guarantee commission received	**4,453,511**	4,915,446
Power Cement Limited	Guarantee commission income	**1,968,459**	1,658,146
	Guarantee commission received	**2,037,768**	1,632,800
	Loan extended	**462,000,000**	416,000,000
	Loan repaid	**462,000,000**	416,000,000
	Markup on loan	**922,124**	14,441,538
	Markup received	**922,124**	14,441,538
Javedan Corporation Limited	Mark-up on loan and advance	**3,968,751**	772,103
	Mark-up received	**1,393,518**	41,192,368
	Loan / advance extended	**450,000,000**	173,000,000
	Loan and advances repaid	**450,000,000**	183,067,474
	Purchase of Plots	**152,500,000**	-
	Brokerage commission on sale of securities	**322,500**	-
	Development Charges Paid	**-**	11,934,765
	Balance receivable at year end	**5,126,734**	5,126,734
Arif Habib Dolmen REIT Management Limited	Brokerage commission on sale of securities	**232,000**	250,600
	Receipt against transfer of security deposit and disposal of fixed assets	**-**	527,006
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of utilities, insurance and maintenance charges	**61,130,366**	65,484,973
	Brokerage Commission Earned	**2,078,345**	-
	Trade Receivable	**31,083**	-
Arif Habib Securities Limited - Employees Provident Fund	Contribution paid	**2,811,526**	2,468,699
Arif Habib Equity (Private) Limited	Sale of Plot	**153,000,000**	-
	Brokerage Commission Earned	**21,425**	-
	Loan Obtained	**55,000,000**	-
	Loan Repaid	**55,000,000**	-
	Markup charged	**112,712**	-
	Trade Receivable	**156,484**	-
Arif Habib Limited - Provident Fund	Contribution paid	**7,794,550**	6,298,569

Name of the related party	Transactions during the year	2021	2020
		(Rupees)	
Key management personnel			
Mr. Arif Habib (CEO of the Parent Company)	Dividend paid	482,924,951	-
	Brokerage commission earned	7,292,830	6,563,516
	Loan obtained	2,051,000,000	1,100,000,000
	Loan repaid	2,351,000,000	800,000,000
	Markup on loan charged / Paid	18,074,328	12,283,397
	Markup payable	-	12,737,772
	Loan Payable	-	300,000,000
	Trade Receivable	49,556	42,574
Mr. Asadullah Khawaja (Director of Parent Company)	Meeting fee paid	200,000	200,000
	Dividend Paid	121,509	-
Mr. Sirajuddin Cassim (Director of Parent Company)	Meeting fee paid	225,000	-
	Dividend Paid	344,840	-
Mr. Khawaja Jalaluddin Roomi (Director of Parent Company)	Meeting fee paid	-	50,000
Dr. Shamshad Akhtar (Director of Parent Company)	Meeting fee paid	200,000	200,000
	Dividend Paid	150	-
Zafar Alam (Chairman of subsidiary company)	Brokerage Commission earned	1,644,264	10,590
	Meeting fee paid	75,000	100,000
	Meeting Fee Payable	25,000	-
	Balance payable at year end	1,129,484	2,148,473
Muhammad Shahid Ali (CEO of Subsidiary Company)	Brokerage commission earned	16,731,270	7,866,015
	Balance payable at year end	112,754,445	3,150,901
Muhammad Haroon (Director of subsidiary company)	Brokerage commission earned	400,987	139,235
	Balance payable at year end	29,147	700,697
	Meeting Fee Payable	25,000	-
	Meeting fee paid	75,000	100,000
Sharmin Shahid (Director of subsidiary company)	Brokerage commission earned	2,690,583	728,673
	Dividend paid	25,000	-
	Meeting Fee Paid	75,000	100,000
	Balance receivable at year end	8,340	50,302
Nida Ahsan (Director of subsidiary company)	Brokerage commission earned	520,335	1,730,920
	Meeting Fee Paid	50,000	-
	Meeting Fee Payable	25,000	-
	Balance payable at year end	9,346,762	-
	Balance receivable at year end	-	65,419
Mohsin Madni (CFO Parent Company & Director Subsidiary Company)	Brokerage commission earned	22,519	2,936
	Balance payable at year end	191,512	175
Samad A. Habib (Director of Parent Company)	Brokerage commission earned	1,786,631	409,718
	Dividend paid	1,509	-
	Balance payable at year end	872,251	-
	Balance receivable at year end	-	1,451,078
Kashif A. Habib (Director of Parent Company)	Brokerage commission earned	4,000	6,363
	Balance receivable at year end	4,075,266	19,630
	Dividend paid	52,935	-
Mr. Nasim Beg (Director of Parent Company)	Dividend paid	3,117	-
Mr. Muhammad Ejaz (Director of Parent Company)	Dividend paid	182	-
Ahsan Mehnti (Director of Subsidiary Company)	Balance payable at year end	3,862,500	3,862,500

51. SEGMENT INFORMATION

51.1 For management purposes, the Group is organized into following major business segments:

Capital market operations	Principally engaged in trading of equity securities and maintaining strategic and trading portfolios.
Brokerage	Principally engaged in brokerage, underwriting, corporate consultancy, research and corporate finance services.
Energy Development	Principally engaged in energy development.
Others	Others includes assets of AHCPL

	2021				
	Capital market operations	**Brokerage**	**Energy Development**	**Others**	**Consolidated**
	(Rupees)				
Revenues					
Operating revenue	78,170,633	1,547,428,183	3,862,989,166	35,014,494	5,523,602,476
Loss on remeasurement of investments - net	2,243,239,101	222,888,717			2,466,127,818
Unrealised gain on remeasurement of investment property	-	290,384,768	-	-	290,384,768
Gain on sale of securities - net	210,549,439	1,052,956,982	-	14,093,746	1,277,600,167
	2,531,959,173	3,113,658,650	3,862,989,166	49,108,240	9,557,715,229
Cost of energy sales	-	-	(1,300,817,991)	-	(1,300,817,991)
Administrative expenses	(120,143,129)	(633,677,610)	(88,246,027)	(30,421,953)	(872,488,719)
	2,411,816,044	2,479,981,040	2,473,925,148	18,686,287	7,384,408,519
Other income	(440,744)	64,046,125	47,005,306	2,788,852	113,399,539
	2,411,375,300	2,544,027,165	2,520,930,454	21,475,139	7,497,808,058
Finance cost and other charges	(19,683,694)	(148,945,102)	(637,180,499)	(23,331)	(805,832,626)
	2,391,691,606	2,395,082,063	1,883,749,955	21,451,808	6,691,975,432
Share of profit from equity accounted associates - net of tax	2,607,451,994	-	-	-	2,607,451,994
Segment results	4,999,143,600	2,395,082,063	1,883,749,955	21,451,808	9,299,427,426
Taxation	(582,498,149)	(309,634,773)	(9,791,118)	(2,184,747)	(904,108,787)
Profit after tax	4,416,645,451	2,085,447,290	1,873,958,837	19,267,061	8,395,318,639

	2020				
	Capital market operations	Brokerage	Energy Development	Others	Consolidated
	(Rupees)				
Revenues					
Operating revenue	167,106,664	756,585,746	4,098,604,448	26,354,454	5,048,651,312
Loss on remeasurement of investments - net	203,699,665	201,599,582			405,299,247
Unrealised gain on remeasurement of investment property	-	132,000,000	-	-	132,000,000
Gain on sale of securities - net	(206,234,813)	(233,526,146)	-	-	(439,760,959)
	164,571,516	856,659,182	4,098,604,448	26,354,454	5,146,189,600
Cost of energy sales	-	-	(1,227,203,030)	-	(1,227,203,030)
Administrative expenses	(115,248,011)	(344,592,310)	(62,762,241)	(19,389,679)	(541,992,241)
	49,323,505	512,066,872	2,808,639,177	6,964,775	3,376,994,329
Other income	191,872	29,501,572	5,786,069	103,264	35,582,777
	49,515,377	541,568,444	2,814,425,246	7,068,039	3,412,577,106
Finance cost and other charges	(196,105,764)	(363,251,124)	(958,800,388)	(2,209,318)	(1,520,366,594)
	(146,590,387)	178,317,320	1,855,624,858	4,858,721	1,892,210,512
Share of profit from equity accounted associates - net of tax	1,441,134,146	-	-	-	1,441,134,146
Segment results	1,294,543,759	178,317,320	1,855,624,858	4,858,721	3,333,344,658
Taxation	(333,435,252)	(70,143,598)	(12,662,322)	(389,538)	(416,630,710)
Profit after tax	961,108,507	108,173,722	1,842,962,536	4,469,183	2,916,713,948

	Capital market operations	Brokerage	2021 Energy Development	Others	Consolidated
	(Rupees)				
Other information					
Segment assets	***7,297,698,491***	***8,435,550,384***	***19,348,929,962***	***103,652,719***	***35,185,831,556***
Investment in equity accounted associates	***14,581,256,714***	***-***	***-***	***-***	***14,581,256,714***
	21,878,955,205	***8,435,550,384***	***19,348,929,962***	***103,652,719***	***49,767,088,270***
Segment liabilities	***2,924,567,588***	***3,465,103,402***	***10,468,543,010***	***17,983,476***	***16,876,197,476***
Capital expenditure	***1,416,450***	***24,467,158***	***1,973,308***	***360,498***	***28,217,414***
Depreciation and amortisation	***19,727,851***	***35,012,724***	***913,856,090***	***257,306***	***968,853,971***
Expenses other than depreciation and amortisation	***(100,415,278)***	***(598,664,886)***	***825,610,063***	***(30,164,647)***	***96,365,252***

	Capital market operations	Brokerage	2020 Energy Development	Others	Consolidated
	(Rupees)				
Other information					
Segment assets	3,915,561,699	6,839,503,098	19,492,309,463	93,025,465	30,340,399,725
Investment in equity accounted associates	13,404,127,610	-	-	-	13,404,127,610
	17,319,689,309	6,839,503,098	19,492,309,463	93,025,465	43,744,527,335
Segment liabilities	2,282,314,124	3,623,918,821	12,474,625,714	6,272,050	18,387,130,709
Capital expenditure	16,096,482	1,500,400	2,546,827	55,000	20,198,709
Depreciation and amortisation	18,150,563	28,291,598	884,529,601	240,796	931,212,558
Expenses other than depreciation and amortisation	(97,097,448)	(316,300,712)	(405,435,670)	(19,148,883)	(837,982,713)

Reconciliations of reportable segment revenues, profit or loss and assets and liabilities	***2021***	*2020*
	(Rupees)	
Operating revenues		
Total revenue for reportable segments	***5,644,413,925***	5,011,393,854
Elimination of inter-segment revenue	***(120,811,449)***	37,257,458
Consolidated revenue	***5,523,602,476***	5,048,651,312
Profit or loss		
Total profit or loss before tax for reportable segments	***9,352,542,136***	3,289,645,305
Elimination of inter-segment revenue / expense	***(53,114,710)***	43,699,353
Consolidated profit before tax	***9,299,427,426***	3,333,344,658

51.2 CAPACITY AND PRODUCTION

	2021	*2020*
	(Megawatt hours)	
Sachal Energy Development (Private) Limited		
Annual benchmark energy	***136,500***	136,500
Actual energy delivered	***110,704***	142,360

52. NUMBER OF EMPLOYEES

	2021	2020
Parent Company:		
Number of employees as at 30 June	**23**	25
Average number of employees	**24**	23
Subsidiary Company, AHL:		
Number of employees as at 30 June	**182**	126
Average number of employees	**154**	123
Subsidiary Company, AHCPL:		
Number of employees as at 30 June	**17**	13
Average number of employees	**15**	13
Subsidiary Company, AH1857:		
Number of employees as at 30 June	**-**	-
Average number of employees	**-**	-
Subsidiary Company, BGPL:		
Number of employees as at 30 June	**3**	3
Average number of employees	**3**	3
Subsidiary Company, SEDPL:		
Number of employees as at 30 June	**54**	52
Average number of employees	**52**	44

53. GENERAL

53.1 Corresponding figures

During the year, following reclassifications of the corresponding figures have been made in these consolidated financial for a better presentation:

(i) Guarantee commission of Rs. 6.68 million for the year ended 30 June 2020 has been included in Operating revenue in the consolidated statement of profit or loss.

(ii) Loan under State Bank of Pakistan scheme payable in the next 12 months amounting to Rs 4.26 million under non-current liabilities has been reclassified from non-current liabilities to current liabilities.

(iii) Cost of energy sales amounting to Rs. 1,227.203 million have been segregated from Administrative Expenses and separately presented.

53.2 Date of authorisation for issue

These consolidated financial statements have been authorised for issue on 29 September 2021 by the Board of Directors of the Parent Company.

53.3 Non adjusting event after reporting date

The Board of Directors of the Parent Company has proposed a cash dividend of Rs. 3.00 (2020: Rs. 1.50) per share amounting to Rs. 1,255,125,000 (2020: Rs. 612,562,500) at its meeting held on 29 September 2021 for the approval of the members at the annual general meeting to be held on 28 October 2021. These consolidated financial statements for the year ended 30 June 2021 do not include the effect of the proposed final cash dividend which will be accounted in the year ending 30 June 2022.

Chief Executive Officer	Director	Chief Financial Officer

CORPORATE CALENDAR
OF MAJOR EVENTS

- **RESULTS**

The Company follows the period of 1st July to 30th June as the Financial Year.

For the Financial Year ending on 30th June 2022, Financial Results will be announced as per the following tentative schedule:

1st quarter ending	30th September 2021	Last Week of October, 2021	2nd quarter ending	31st December 2021	Last Week of February, 2022
3rd quarter ending	31st March 2022	Last Week of April, 2022	Year ending	30th June 2022	Last Week of September, 2022

- **ISSUANCE OF ANNUAL REPORT**

21 days before AGM i.e. on or before date.

- **27th ANNUAL GENERAL MEETING**

The 27th Annual General Meeting of the Shareholders of Arif Habib Corporation Limited ("the Company") will be held on Thursday 28 October, 2021 on 03:30 P.M at the PSX Auditorium, Stock Exchange Building, Stock Exchange Road, Karachi.

- **CASH DIVIDEND**

A final Cash Dividend for the year ended 30th June 2021 at Rs.3.00 per share i.e. 30% is recommended by the Board of Directors. Subject to the approval by members in the Annual General Meeting, the date of entitlement of cash dividend shall be day end of 21st October 2021, and the company expects to pay the final dividend on or before 18th November 2021, being the statutory limit of 15 working days from the date of General Meeting in which the dividend is approved.

SHAREHOLDERS' INFORMATION

REGISTERED & CORPORATE OFFICE

Arif Habib Centre
23, M.T. Khan Road
Karachi-74000
Tel: (021) 32460717-9 Fax No: (021) 32429653, 32468117
Email: info@arifhabibcorp.com
Website: www.arifhabibcorp.com

SHARE REGISTRAR OFFICE

CDC Share Registrar Services Limited
CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi
Tel: (021) 111-111-500 Toll Free:0800-23275
Fax: (021) 34326053
URL: www.cdcrsl.com
Email: info@cdcrsl.com

LISTING ON STOCK EXCHANGES

AHCL equity shares are listed on Pakistan Stock Exchange (PSX).

STOCK CODE

The stock code for dealing in equity shares of the Company at the stock exchanges is AHCL.

INVESTOR SERVICE CENTRE

AHCL share department is operated by CDC Share Registrar Services Limited. It also functions as an Investor Service Centre managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. Team is headed by Mr. Abdus Samad at Registrar office and Company Secretary at AHCL Registered office. For assistance, queries, complaints and redressal of grievances, shareholders may contact either the registered office or the Share Registrar office.

CONTACT PERSONS:

Mr. Manzoor Raza
Tel: (021) 32467456
Email: manzoor.raza@arifhabibcorp.com

Mr. Mohsin Rajab Ali
Tel: (021) 111-111-500
Email: mohsin_rajabali@cdcrsl.com

STATUTORY COMPLIANCE

During the year the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant information as required under the Companies Act, 2017 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations.

BOOK CLOSURE DATES

The Share transfer books of the company will remain closed from 22nd October 2021 to 28th October 2021 (both days inclusive). Transfers received in order at the office of our registrar: M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi, by the close of business on Thursday, 21st October 2021 will be treated in time for the determination of entitlement of shareholders to attend and vote at the meeting.

LEGAL PROCEEDINGS

No case has been filed by shareholders against the Company for non-receipt of share / dividend.

GENERAL MEETINGS & VOTING RIGHTS

Pursuant to Section 132 of the Companies Act, 2017 AHCL holds a General Meeting of Shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also published in at least one English and one Urdu newspaper having circulation in all provinces.

PROXIES

Pursuant to Section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at General Meeting of the Company can appoint another member as his/her proxy to attend and vote at the meeting.

Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy. The instrument appointing proxy, duly signed by the shareholder should be deposited at the office of the Share Registrar of the Company not less than 48 hours before the meeting.

WEB PRESENCE

The website of the company has been redesigned to give an investor friendly look. Further, the website has been updated in accordance with statutory guidelines issued by regulator from time to time. Updated information about the Company and its affiliates can be accessed at AHCL web site, www.arifhabibcorp.com

SHAREHOLDING PATTERN

The shareholding pattern of the equity share capital of the Company as on 30th June 2021 along with categories of shareholders are given on page 34 to 36 of this report.

NOTICE OF TWENTY SEVENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Seventh Annual General Meeting of the Shareholders of Arif Habib Corporation Limited ("the Company") will be held on Thursday, 28^{th} October, 2021 at 3:30 p.m. at PSX Auditorium, Stock Exchange Building, Stock Exchange Road, Karachi to transact the following business:

Ordinary Business

1) To confirm minutes of the Annual General Meeting held on 28^{th} October 2020.

2) To receive, consider and adopt annual audited financial statements of the Company together with the Directors' and the Auditors' Reports thereon for the year ended 30^{th} June 2021 together with the Audited Consolidated Financial Statements of the Company and the Auditors' Reports thereon for the year ended 30^{th} June 2021.

3) To appoint the Auditors for the year ending 30^{th} June 2022 and fix their remuneration. The Board of Directors has recommended appointment of M/s. A. F. Ferguson & Co., Chartered Accountants in place of retiring auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants as external auditors.

4) To consider and approve final Cash Dividend for the year ended 30^{th} June 2021 at Rs.3.00 per share i.e. 30% as recommended by the Board of Directors.

Special Business

5) To authorize the Board of Directors of the Company to approve those transactions with related parties (if executed) during the financial year ending 30th June 2022 which require approval of shareholders u/s 207 and / or 208 of the Companies Act, 2017, by passing the following special resolutions with or without modification:

   "RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis for the financial year ending 30^{th} June 2022."

   "FURTHER RESOLVED THAT the transactions approved by the Board shall be deemed to have been approved by the shareholders u/s 207 and / or 208 of the Companies Act, 2017 (if triggered) and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval u/s 207 and / or 208 of the Companies Act, 2017 (if required)."

6) To consider and if deemed fit, to pass the following Special Resolutions with or without modification(s):

   Investment in Associated Companies & Associated Undertakings

   "RESOLVED THAT the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, for the following limits of investments / additional investments in associated companies and associated undertakings for a period upto next annual general meeting, and subject to the terms and conditions as mentioned in the Annexure-B of Statement under Section 134(3)."

   "FURTHER RESOLVED THAT the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 for renewal of following equity investments limits in associated companies and associated undertakings as are also mentioned in the Annexure-C of Statement under Section 134(3) against which approval had been sought in previous general meeting(s), upto unutilized amount, and for a period upto next annual general meeting, which shall be renewable in next general meeting(s) for further period(s)."

   "**FURTHER RESOLVED THAT** the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 for renewal of following sanctioned limits of loans / advances / guarantees in associated companies and associated undertakings, for which approval has been sought in previous general meeting(s), as mentioned in detail in the Annexure-C of statement under Section 134(3), whereas the renewal of limits will be in the nature of loan and/or running finance and/or corporate guarantee for a period upto next annual general meeting, unless specifically approved for a longer period, and shall be renewable in next general meeting(s) for further period(s) as specified."

---------------------------- Amount in million ---------------------------------------

	Name of Associated Companies & Undertakings	Proposed Fresh Investment		Renewal Requested	
		Equity	Loan/ Advance/ Guarantee	Unutilized Equity Portion	Sanctioned Loan/ Advance/ Guarantee
		PKR	PKR	PKR	PKR / USD
1	Javedan Corporation Ltd.	-	700	375	PKR 2,432
2	Arif Habib Ltd.	-	1,000	490	PKR 4,500
3	MCB -Arif Habib Savings and Investments Ltd.	-	-	399	-
4	Pakarab Fertilizers Ltd.	-	-	1,000	PKR 1,000
5	Fatima Fertilizer Company Ltd.	-	-	1,800	PKR 1,000
6	Rotocast Engineering Co. (Pvt.) Ltd.	-	-	300	PKR 500
7	Arif Habib Dolmen REIT Management Ltd.	-	-	1,000	PKR 500
8	Aisha Steel Mills Ltd.	500	-	494	PKR 8,203 plus USD 80
9	Power Cement Ltd.	500	-	553	PKR 1,500 plus USD 49
10	Sachal Energy Development (Pvt.) Ltd.	-	-	754	PKR 1,000 plus USD 100
11	Safe Mix Concrete Ltd.	-	-	150	PKR 150
12	Dolmen City REIT	-	-	799	-
13	National Resources (Pvt.) Ltd.	500	-	50	-

"FURTHER RESOLVED THAT the Chief Executive and/or any two directors jointly and/or any one director and Chief Financial Officer / Company Secretary jointly, be and are hereby authorized to take and do, and/or cause to be taken or done, any/all necessary actions, deeds and things which are or may be necessary for giving effect to the aforesaid resolutions and to do all acts, matters, deeds, and things which are necessary, incidental and/or consequential to the investment of the Company's funds as above, as and when required at the time of investment, including but not limited to negotiating and executing any necessary agreements/documents, and any ancillary matters thereto."

Any Other Business

7) To consider any other business with the permission of the Chair.

A Statement under Section 134(3) of the Companies Act 2017 pertaining to the special business is being sent to the shareholders along with this notice.

By order of the Board

Manzoor Raza
Company Secretary

Karachi: 7th October 2021

Notes:

1. Share transfer books of the Company will remain closed from 22nd October 2021 to 28th October 2021 (both days inclusive). Transfers received in order at the office of our registrar: M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi [AHCL's Share Registrar (CDCSRSL)], by the close of business on Thursday, 21st October 2021 will be treated in time for the determination of entitlement of shareholders to cash dividend and to attend and vote at the meeting.

2. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.

3. Procedure including the guidelines as laid down in Circular No. I- Reference No. 3(5-A) Misc/ARO/LES/96 dated 26th January 2000 issued by Securities & Exchange Commission of Pakistan:

   i. Members, proxies or nominees shall authenticate their identity by showing their original national identity card or original passport and bring their folio numbers at the time of attending the meeting.
   ii. In the case of corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.
   iii. In order to be effective, the proxy forms must be received at the office of AHCL's Share Registrar (CDCSRSL) not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.
   iv. In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
   v. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy form.

4. Members are requested to submit copies of their CNICs and promptly notify any change in address by writing to the office of AHCL's Share Registrar (CDCSRSL).

5. Online Participation in the Annual General Meeting

In the wake of prevailing situation due to pandemic, SECP has instructed listed companies to modify their usual planning for General Meetings for the safety and wellbeing of the shareholders and public at large. Accordingly, the Company intends to convene this AGM with minimal physical interaction with shareholders while ensuring compliance with quorum requirements and requests the Members to consolidate their attendance and voting at the AGM through proxies.

The Company has therefore made arrangements to ensure that all participants, including shareholders, can also participate in the AGM proceeding via video link. Accordingly, those members who desire online participation in the AGM are requested to register themselves by sending an email along with following particulars and valid copy of both sides of their CNIC at corporate.affairs@arifhabibcorp.com with subject of 'Registration for AHCL AGM 2021' not less than 48 hours before the time of the meeting:

Name of Shareholder	CNIC No.	Folio No. / CDC Account No.	Cell No.	Email Address

Video Link to join the AGM will be shared with only those Members whose emails, containing all the required and correct particulars, are received at corporate.affairs@arifhabibcorp.com. The Shareholders can also provide their comments and questions for the agenda items of the AGM on this email address and WhatsApp Number 0311-2706624.

6. Provision of Video Link Facility:

If the Company receives a demand (at least 7 days before the date of meeting) from shareholder(s) holding an aggregate 10% or more shareholding residing in any other city, to participate in the meeting through video link, the Company will arrange video link facility in that city.

Shareholders, who wish to participate through video-link facility, are requested to fill in Video Link Facility Form available at Company's website and send a duly signed copy to the Registered Address of the Company. It may be noted that no person other than the member or proxy holder can attend the meeting through video link facility.

7. E-Voting

Members can exercise their right to demand a poll subject to meeting requirements of Section 143 - 145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.

8. Notice to Shareholders for provision of CNIC and other details

Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to AHCL's Share Registrar (CDCSRSL). The Corporate Entities are requested to provide their National Tax Number (NTN). Please provide Folio Number with the copy of CNIC / NTN details.

9. CNIC/Passport#/NTN/Exemption/Zakat Declaration

Shareholders are advised to ensure that they have provided their Passport#/NTN/CNIC/Tax exemption certificates (for tax exemption, where applicable) and valid Zakat Declaration (for Zakat Exemption) to their respective Participant/CDC Investor Account Services/ AHCL's Share Registrar (CDCSRSL).

10. Payment of Cash Dividend through Electronic Mode (Mandatory):

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested to provide their IBAN by filling the Electronic Mode Dividend Form available at Company's website containing prescribed details and send it duly signed along with a copy of CNIC to AHCL's Share Registrar (CDCSRSL), in case of physical shares. In case of book-entry securities, respective shareholders must get their respective records including IBAN updated as per the Electronic Mode Dividend Form with their Broker/Participant/CDC account services.

In the absence of a members' valid bank account details and / or IBAN, the Company will be constrained to withhold the payment of dividend to such members in accordance with the requirements of the Companies (Distribution of Dividends) Regulations, 2017 read with Section 243(2)(a) of the Companies Act, 2017, till provision of prescribed details.

11. Withholding Tax on Dividend

Dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- For Filers [persons whose names are appearing in Active Taxpayers List (ATL)] : 15%
- For Non-filers [persons whose names are not appearing in ATL] : 30%

Shareholders are advised to make sure that their names (and/or the name of their joint holders) are appearing in latest ATL provided on the website of FBR, otherwise they (and/or joint holders) shall be treated as non-filers and tax on their cash dividend income will be deducted at the rate of 30% instead of 15%.

12. Withholding Tax on Dividend in Case of Joint Account Holders

In order to enable the Company to follow the directives of the regulators to determine shareholding proportion in case of Joint account, all shareholders who hold shares with Joint shareholders, are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to AHCL's Share Registrar (CDCSRSL), in writing, as follows:

Folio / CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC #	Shareholding Proportion (%)	Name and CNIC #	Shareholding Proportion (%)

NOTE: In the event of non-receipt of the information by 21st October 2021, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

13. Unclaimed dividends

Shareholders, who by any reason, could not claim their previous dividends are advised to contact AHCL's Share Registrar (CDCSRSL) to collect/enquire about their unclaimed dividend, if any. The details of the dividend declared by the Company which have remained due for more than three years are available on the Company's website.

14. Distribution of Annual Report

The audited financial statements of the Company for the year ended 30th June 2021 (Annual Report) have been made available on the Company's website (http://www.arifhabibcorp.com) in addition to annual and quarterly financial statements for the prior years.

Further, Annual Report is dispatched to the shareholders through CD. However, if a shareholder, in addition, requests for hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven days of receipt of such request. For convenience of shareholders, a "Standard Request Form for provision of Annual Audited Accounts" has also been made available on the Company's website (http://arifhabibcorp.com/contact.php).

15. Deposit of Physical Shares in CDC Accounts

As per section 72 of the Companies Act, 2017 every existing Company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017, i.e 30th May 2017. The shareholders having physical shareholding are once again requested to open CDC sub-account with any of the brokers or investors account directly with CDC to place their physical shares into scrip less form. Conversion of physical shares into scrip less form will facilitate the shareholders in many ways, including safe custody, efficient trading and convenience in other corporate actions. AHCL's Share Registrar (CDCSRSL) is available to facilitate the shareholders regarding conversion procedure.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the Special Business given in Agenda item No. 5 and Agenda item No. 6 of the Notice to be transacted at the Annual General Meeting of the Company.

Directors of the Company have no interest in the special business except in their capacity as director / shareholder.

STATEMENT UNDER SECTION
134(3) OF THE COMPANIES ACT, 2017

ANNEXURE A

AUTHORIZATION FOR THE BOARD OF DIRECTORS TO APPROVE THOSE TRANSACTIONS WITH RELATED PARTIES (IF EXECUTED) DURING THE FINANCIAL YEAR ENDING 30TH JUNE 2021 WHICH REQUIRE APPROVAL OF SHAREHOLDERS U/S 207 AND / OR 208 OF THE COMPANIES ACT, 2017

The Company shall be conducting transactions with its related parties during the year ending 30th June 2022 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. Being the directors of an investment holding Company, many Directors may be deemed to be treated as interested in transactions with related parties due to their common directorships and/or shareholding. In order to promote good corporate governance and transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case-to-case basis, including transactions (if executed) triggering approval of shareholders u/s 207 and / or 208 of the Companies Act, 2017, for the year ending 30th June 2022, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next Annual General Meeting for their formal approval/ratification. The Directors are interested in the resolution only to the extent of their shareholding and / or common directorships in such related parties.

ANNEXURE B

Investments in Associated Companies & Associated Undertakings

The Board of Directors of the Company ("AHCL") has approved the specific limits for loans/advances along with other particulars for investments in the following associated companies and associated undertakings subject to the consent of members under Section 199 of the Companies Act, 2017 / Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017. The Board of Directors do hereby undertake / certify that necessary due diligence for the following proposed investment has been carried out. The principle purpose of this special resolution is to make the Company in a ready position to capitalize on the investment opportunities as and when they arrive. It is prudent that the Company should be able to make the investment at the right time when the opportunity is available, and the limit shall be valid till the holding of next annual general meeting with the option of renewal thereon.

1 Investment in Securities

Ref. No.	Requirement	Information
I	Name of associated company or associated undertaking	Aisha Steel Mills Limited ("ASML")
II	Basis of relationship	An associated undertaking due to common control & common directorships of Mr. Arif Habib, Mr. Samad Habib, Mr. Nasim Begand Mr. Kashif Habib
III	Earnings per share (basic) for the last three years	Year 2021: 8.19 Year 2020: (0.89) Year 2019: 0.26
IV	Break - up value of share, based on the latest audited financial statements	PKR 17.72 per share as at 30th June 2021
V	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	**30th June 2021 (PKR in Million)** Non-current assets 19,951 Current assets 16,572 Equity 14,467 Non-current liabilities 6,274 Current liabilities 15,783 Operating Revenue 55,116 Profit before Tax 8,588 Profit after Tax 6,368
VI	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely: 1. Description of the project and its history since conceptualization; 2. Starting date and expected date of completion of work; 3. Time by which such project shall become commercially operational; 4. Expected time by which the project shall start paying return on investment; and 5. Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	Not applicable

VII	Maximum amount of investment to be made	Fresh limit of PKR500 million is requested for approval. This is in addition to: - Renewal requested separately for the unutilized limit of equity investment ofPKR494million; and - Cumulative investment at cost of PKR 3.8 billion already made up to 30 June 2021.
VIII	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	For the benefit of the Company and to earn better returns on investment by capturing the opportunities on the right time. Approval of limit shall remain valid for a period upto next annual general meeting and shall be renewable thereon for further period(s).
IX	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds 1. Justification for investment through borrowing 2. Detail of collateral, guarantees provided and assets pledged for obtaining such funds 3. Cost benefit analysis	The investment may be made from Company's own available liquidity and/or credit lines. 1. Higher rate of return 2. Pledge of listed securities and / or charge over assets of the Company, if and where needed. 3. Company's expects to time the investment to earn return over and above the borrowing cost.
X	Salient feature of agreement(s), if any, with associated company or associated undertaking with regards to proposed investment	There is no agreement to date
XI	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the company have no interest in the investee company except in their capacity as sponsor / director / shareholder of associated company
XII	In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	ASML reported earnings per share of PKR 8.19 for the year ended 30th June 2021 as compared to loss per share of PKR 0.89 last year. Consequently, the investment is expected to add value to AHCL shareholders. Performance of ASML can be referred in Point III to V above.
XIII	Any other important details necessary for the members to understand the transaction	None
XIV	Maximum price at which securities will be acquired	At par / premium / market / offered / negotiated price prevailing on the date of transaction/investment
XV	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Not applicable

XVI	Maximum number of securities to be acquired	No. of securities purchasable under approved limit in accordance with / based on Sr. Nos. VII & XIV
XVII	Number of securities and percentage thereof held before and after the proposed investment	Before: 3,571,616 (ordinary shares) and 18,114,999 (preference shares) being 2.66% holding in the company as on 30th September 2021. After: Increase in securities / percentage in accordance with Sr. Nos. VII, XIV and XVI.
XVIII	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	As at 30th September 2021: Current price per share: PKR 20.81(ordinary shares), PKR 32.50 (preference shares) and PKR 45.15 (cumulative preference shares) Weighted average market price per share of preceding twelve weeks: 24.43 (ordinary shares).
XIX	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	Not applicable

2 Investment in Securities

Ref. No.	Requirement	Information
I	Name of associated company or associated undertaking	Power Cement Limited ("PCL")
II	Basis of relationship	An associated undertaking due to common control & common directorships of Mr. Nasim Beg, Mr. Kashif Habib and Mr. Samad Habib.
III	Earnings per share for the last three years	Year 2021: 0.17 Year 2020: (3.40) Year 2019: 0.55
IV	Break-up value of share, based on the latest audited financial statements	PKR 10.10 per share as at 30th June 2021
V	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	**30th June 2021 (PKR in Million)** Non-current assets 38,483 Current assets 7,009 Equity 10,745 Non-current liabilities 18,546 Current liabilities 16,201 Operating Revenue 14,221 Loss before Tax (671) Profit after Tax 358
VI	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely: 1. Description of the project and its history since conceptualization; 2. Starting date and expected date of completion of work; 3. Time by which such project shall become commercially operational;	Not applicable

	4. Expected time by which the project shall start paying return on investment; and 5. Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	
VII	Maximum amount of investment to be made	Fresh limit of PKR 500 million is requested for approval. This is in addition to: - Renewal requested separately for the unutilized limit of equity investment of PKR 553 million; and - Cumulative investment at cost of PKR 3.27 billion already made up to 30 June 2021
VIII	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	For the benefit of the Company and to earn better returns on investment by capturing the opportunities on the right time. Approval of limit shall remain valid for a period upto next annual general meeting and shall be renewable thereon for further period(s).
IX	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds 1. Justification for investment through borrowing 2. Detail of collateral, guarantees provided and assets pledged for obtaining such funds 3. Cost benefit analysis	The investment may be made from Company's own available liquidity and/or credit lines. 1. Higher rate of return 2. Pledge of listed securities and / or charge over assets of the Company, if and where needed. 3. Company's expects to time the investment to earn return over and above the borrowing cost.
X	Salient feature of agreement(s), if any, with associated company or associated undertaking with regards to proposed investment	There is no agreement to date
XI	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the company have no interest in the investee company except in their capacity as sponsor / director / shareholder of associated company
XII	In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	Performance of PCL can be referred in Point III to V above.
XIII	Any other important details necessary for the members to understand the transaction	None

XIV	Maximum price at which securities will be acquired	At par / premium / market / offered / negotiated price prevailing on the date of transaction/investment
XV	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Not applicable
XVI	Maximum number of securities to be acquired	No. of securities purchasable under approved limit in accordance with / based on Sr. Nos. VII & XIV
XVII	Number of securities and percentage thereof held before and after the proposed investment	Before: 44,137,652 (ordinary shares) and 18,766,114 (preference shares) being 4.81% holding in the company as on 30th June 2021.After: Increase in securities / percentage in accordance with Sr. Nos. VII, XIV and XVI.
XVIII	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	As at 30th September 2021: Current price per share: PKR 7.02 (ordinary shares) and PKR 9.20 (preference shares). Weighted average market price per share of preceding twelve weeks: 8.64 (ordinary shares).
XIX	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	Not applicable

3 Investment in Securities

Ref. No.	Requirement	Information
I	Name of associated company or associated undertaking	National Resources (Private) Ltd ("NRPL")
II	Basis of relationship	An associated undertaking due to common directorship of Mr. Arif Habib
III	Earnings per share for the last three years	Year 2021: (3.08) Year 2020: (2.45) Year 2019: (1.72)
IV	Break-up value of share, based on the latest audited financial statements	PKR 5.70 per share as at 30th June 2021
V	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	**30th June 2021** — **(PKR in Million)** Non-current assets 9 Current assets 603 Equity 601 Non-current liabilities 2 Current liabilities 9 Operating Revenue - Loss before Tax (320) Loss after Tax (322)

VI	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely:	Not Applicable, as AHCL is investing in NRPL not in any of its projects.
	1. Description of the project and its history since conceptualization;	Not Applicable
	2. Starting date and expected date of completion of work;	Not Applicable
	3. Time by which such project shall become commercially operational;	Not Applicable
	4. Expected time by which the project shall start paying return on investment; and	Not Applicable
	5. Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non -cash amounts;	Not Applicable
VII	Maximum amount of investment to be made	Fresh limit of PKR 500 million is requested for approval. This is in addition to: - Renewal requested separately for the unutilized limit of equity investment of PKR 50 million; and Cumulative investment at cost of PKR 99.99 million already made up to 30th June 2021
VIII	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	For the benefit of the Company and to earn better returns in the long run on strategic investment. Approval of limit shall remain valid for a period upto next annual general meeting and shall be renewable thereon for further period(s).
IX	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds	The investment may be made from Company's own available liquidity and/or credit lines.
	1. Justification for investment through borrowing	1. Higher rate of return
	2. Detail of collateral, guarantees provided and assets pledged for obtaining such funds	2. Pledge of listed securities and / or charge over assets of the Company, if and where needed.
	3. Cost benefit analysis	3. Company's expects to time the investment to earn return over and above the borrowing cost.
X	Salient feature of agreement (s), if any, with associated company or associated undertaking with regards to proposed investment	Pursuant to joint venture arrangement among NRPL sponsor, certain equity investment was agreed to be made in to NRPL. NRPL will directly / indirectly undertake exploratory / appraisal steps relating to mineral mining in Balochistan and look at developing any viable minerals prospects

XI	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the company have no interest in the investee company except in their capacity as sponsor / director / shareholder of associated company
XII	In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	The Company has made equity of PKR 99.99 million. Performance of NRPL can be referred in Point III to V above.
XIII	Any other important details necessary for the members to understand the transaction	None
XIV	Maximum price at which securities will be acquired	At par / premium / offered / negotiated price prevailing on the date of transaction / investment.
XV	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Not Applicable
XVI	Maximum number of securities to be acquired	No. of securities purchasable under approved limit in accordance with / bases on Sr. Nos. VII & XIV
XVII	Number of securities and percentage thereof held before and after the proposed investment	Nil
XVIII	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	Not applicable
XIX	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	NRPL is in pre-feasibility stage, it is impractical to ascertain fair value at this stage.

4 Loan and advances

Ref. No.	Requirement	Information
I	Name of associated company or associated undertaking	Javedan Corporation Limited ("JCL")
II	Basis of relationship	An associated undertaking due to common control & common directorships of Mr. Arif Habib, Mr. Samad A. Habib and Mr. Muhammad Ejaz.
III	Earnings per share for the last three years	Year 2021: 1.04 Year 2020: 0.75 Year 2019: 1.83
IV	Break-up value per share, based on the latest audited financial statements	PKR 56.25 per share as at 30th June 2021
V	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	**30th June 2021** **(PKR in Million)** Non-current assets 21,119 Current assets 6,880 Equity 17,852 Non-current liabilities 4,956 Current liabilities 5,191 Operating Revenue 1,047 Profit before Tax 370 Profit after Tax 331

VI	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely: 1. Description of the project and its history since conceptualization; 2. Starting date and expected date of completion of work; 3. Time by which such project shall become commercially operational; 4. Expected time by which the project shall start paying return on investment; and 5. Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	Not applicable
VII	Maximum amount of investment to be made	Fresh limit for running finance facility of PKR 500 million and guarantee facility of PKR 200 million is requested for approval. This is in the addition of PKR 2,231.55 million and PKR 200 million requested for renewal for previously sanctioned limit of loan and guarantee, respectively. Consolidated limit of PKR 2,731.55 million (PKR 500 million fresh limit and PKR 2,231.55 million renewal of previous sanctioned limit) may be utilized as loan / running finance / advance, at the discretion of Company in accordance with approvals already sought by shareholders in 26th AGM of AHCL in 2020.
VIII	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	AHCL shall charge markup on the loan utilized by JCL which will increase profit to the shareholders. Period of loan will be decided at the time of extending the facility. The facility is subject to renewal next year.
IX	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds 1. Justification for investment through borrowing 2. Detail of collateral, guarantees provided and assets pledged for obtaining such funds 3. Cost benefit analysis	The investment may be made from Company's own available liquidity and/or credit lines. 1. Higher rate of return 2. Pledge of listed securities and / or charge over assets of the Company, if and where needed. 3. Company's average borrowing cost ranges from 1 month KIBOR + 1% to 3 months KIBOR + 1.75% and the Company is expected to earn mark-up over and above the borrowing cost.

X	Salient feature of agreement(s), if any, with associated company or associated undertaking with regards to proposed investment	The markup on facility shall be 3 months KIBOR + 2.25% per annum. Markup is payable on Quarterly basis. The loan is repayable within 30 business days of notice of demand. The markup rate may be increased / reduced if borrowing cost of the Company is increased.
XI	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the company have no interest in the investee company except in their capacity as sponsor / director / shareholder of holding company.
XII	In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	Performance of JCL can be referred in Point III and V above.
XIII	Any other important details necessary for the members to understand the transaction:	None
XIV	Category-wise amount of investment	Fresh limit for running finance facility of PKR 500 million and guarantee facility of PKR 200 million is requested for approval. This is in the addition of PKR 2,231.55 million and PKR 200 million requested for renewal for previously sanctioned limit of loan and guarantee, respectively. Consolidated limit of PKR 2,731.55 million (PKR 500 million fresh limit and PKR 2,231.55 million renewal of previous sanctioned limit) may be utilized as loan / running finance / advance, at the discretion of Company in accordance with approvals already sought by shareholders in 26th AGM of AHCL in 2020.
XV	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	Average borrowing of Company ranges from 1-month KIBOR + 1% to 3 months KIBOR + 1.75%. Funded facility shall be Conventional in nature.
XVI	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	Negotiable; in line with prevailing commercial rates for similar facilities and will be decided at the time of extending the facility.
XVII	Particulars of collateral or security to be obtained in relation to the proposed investment	As investee is a Group Company, no collateral is required.
XVIII	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not applicable

XIX	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking	Facility extended in the nature of Running Finance Facility / Advance shall be for a period of one year and renewable in next general meeting for further period(s) of one year(s). Facility extended in the nature of Long-term Loan shall be for a period as agreed at the time of disbursement, and the portion of facility to the extent of disbursement of longtermloan shall be exhausted and shall not be renewable in next annual general meeting.

5 Loan and advances

Ref. No.	Requirement	Information
I	Name of associated company or associated undertaking	Arif Habib Limited ("AHL")
II	Basis of relationship	Subsidiary Company
III	Earnings per share for the last three years	Year 2021: 35.08 Year 2020: 1.00 Year 2019: (0.95)
IV	Break-up value of share, based on the latest audited financial statements	PKR 84.10 per share as at 30th June 2021
V	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	**30th June 2021** **(PKR in Million)** Non-current assets 2,222 Current assets 6,250 Equity 4,995 Non-current liabilities 4 Current liabilities 3,473 Operating Revenue 1,512 Profit before Tax 2,393 Profit after Tax 2,084
VI	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely: 1. description of the project and its history since conceptualization; 2. starting date and expected date of completion of work; 3. time by which such project shall become commercially operational; 4. expected time by which the project shall start paying return on investment; and 5. funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non -cash amounts;	Not applicable

VII	Maximum amount of investment to be made	Fresh limit for issuance of Guarantee up to PKR 1 billion is requested for approval. This is in the addition to PKR 3 billion requested for renewal for previously sanctioned of guarantee. This Guarantee may be in the form of pledge of shares or corporate guarantee by Arif Habib Corporation Limited in favour of any bank / financial institution / company etc. in connection with financing or other facilities availed / to be availed by AHL.
VIII	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	To support the functionality, operations, and growth of the Subsidiary Company. This will enhance the credibility of AHL to make further investment(s) in the market and earn profits. Consequently, it will add value to AHCL's shareholders, in the form of cash dividend or bonus etc. In addition, AHCL shall charge commission on pledge / corporate guarantee utilized by AHL. The facility (pledge / corporate guarantee) shall be renewable in next general meeting(s) for further period(s) of one year(s)
IX	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds 1 Justification for investment through borrowing 2. Detail of collateral, guarantees provided and assets pledged for obtaining such funds 3. Cost benefit analysis	Not applicable, as it is an un-funded facility.
X	Salient feature of agreement(s), if any, with associated company or associated undertaking with regards to proposed investment	It will be decided with mutual consent at the time of extending the facility
XI	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the company have no interest in the investee company except in their capacity as sponsor / director / shareholder of holding company
XII	In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	The Company has an equity investment in AHL. Performance of AHL can be referred in Point III and V above.
XIII	Any other important details necessary for the members to understand the transaction	None

XIV	Category-wise amount of investment	Fresh limit for issuance of Guarantee up to PKR 1 billion is requested for approval. This is in the addition to PKR 3 billion requested for renewal for previously sanctioned limit of guarantee and renewal requested for previously sanctioned limit of PKR 1.5 billion as running finance / advance / loan
XV	Average borrowing cost of the investing company, the KIBOR for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	Not applicable as the proposed facility is unfunded.
XVI	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	Negotiable, in line with prevailing commercial rates for similar unfunded facilities.
XVII	Particulars of collateral or security to be obtained in relation to the proposed investment	Letter of Indemnity will be obtained from AHL before execution of unfunded facility.
XVIII	If the investment carries conversion feature, terms and condition, triggering circumstances and other details thereof	Not applicable
XIX	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking	Not applicable

Following directors of the company have no interest in the investee companies except in their capacity as director / shareholder

Mr. Arif Habib	- Chief Executive and shareholder of Arif Habib Corporation Limited, which is the holding company of Arif Habib Limited - Director and shareholder of Aisha Steel Mills Limited - Shareholder of Power Cement Limited - Director and shareholder of Javedan Corporation Limited - Director and shareholder of National Resources (Private) Limited
Mr. Asadullah Khawaja	- Chief Executive and shareholder of Arif Habib Corporation Limited, which is the holding company of Arif Habib Limited
Mr. Sirajuddin Cassim	- Chief Executive and shareholder of Arif Habib Corporation Limited, which is the holding company of Arif Habib Limited
Ms. Zeba Bakhtiar	- Chief Executive and shareholder of Arif Habib Corporation Limited, which is the holding company of Arif Habib Limited
Mr. Nasim Beg	- Director and shareholder of Arif Habib Corporation Limited, which is the holding company of Arif Habib Limited - Director and shareholder of Aisha Steel Mills Limited - Director and shareholder of Power Cement Limited
Mr. Muhammad Ejaz	- Director and shareholder of Arif Habib Corporation Limited, which is the holding company of Arif Habib Limited - Director and shareholder of Javedan Corporation Limited
Mr. Samad A. Habib	- Director and shareholder of Arif Habib Corporation Limited, which is the holding company of Arif Habib Limited - Director and shareholder of Aisha Steel Mills Limited - Director and shareholder of Power Cement Limited - Chief Executive and shareholder of Javedan Corporation Limited
Mr. Kashif A. Habib	- Director and shareholder of Arif Habib Corporation Limited, which is the holding company of Arif Habib Limited - Director and shareholder of Aisha Steel Mills Limited - Chief Executive and shareholder of Power Cement Limited

ANNEXURE C

Statement under Section 134(3) of the Companies Act, 2017, in compliance with Regulation 4(2) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, for decision to make investment under the authority of a resolution passed earlier pursuant to provisions of Section 208 of the Companies Ordinance, 1984 (Repealed) / Section 199 of the Companies Act, 2017 is not implemented either fully or partially:

The Company in its previous general meetings had sought approvals under section 208 of the Companies Ordinance, 1984 (repealed) / section 199 of the Companies Act, 2017 for investments in the following Associated Companies and Associated Undertakings in which investment has not been made so far, either fully or partially. Approval of renewal of unutilised portion of equity investments and sanctioned limit of loans, advances, running finance and corporate guarantee are also hereby sought for the companies, in which directors of the company have no interest except in their capacity as director / shareholder, as per following details for a period upto next annual general meeting, unless specifically approved for a longer period. In the 26th AGM of AGM held in 2020, the already approved respective limits for long-term loans / running finance were approved to be consolidated, and accordingly the Company may utilise the consolidated limit at its discretion for extending long-term loans and / or running finance and / or advances; provided that sum of respective natures of investments so extended does not exceed the already approved investment limit in the aggregate. Provided further that the limit so utilised to the extent of extending long term loan shall be exhausted and shall not be renewable in next general meeting(s) :

1 Name of associated company / undertaking : **Javedan Corporation Limited**

S.No.	Description	INVESTMENT IN SECURITIES	LOANS & ADVANCES IN THE NATURE OF:	
			RUNNING FINANCE	CORPORATE GUARANTEE
a)	total investment approved;	3,250,000,000	2,231,550,000	200,000,000
b)	amount of investment made to date;	2,875,255,638	-	-
c)	reasons for not having made complete investment so far whereresolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as & when needed in the interest of the shareholders	Facility is in the nature of Guarantee and availed as & when needed in the interest of the shareholders
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2021	FY2020
i	Earnings per share - basic & diluted		1.04	0.75
ii	Net Profit		331,240,000	236,700,000
iii	Shareholders Equity		17,852,266,000	17,523,410,000
iv	Total Assets		27,998,944,000	26,154,969,000
v	Break-up value		56.25	55.21
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 374,744,362	Sanctioned 2,231,550,000	Sanctioned 200,000,000

2 Name of associated company / undertaking : **Arif Habib Limited**

S.No.	Description	INVESTMENT IN SECURITIES	LOANS & ADVANCES IN THE NATURE OF:	
			RUNNING FINANCE	CORPORATE GUARANTEE
a)	total investment approved;	3,421,676,000	1,500,000,000	3,000,000,000
b)	amount of investment made to date;	2,931,230,887	-	2,171,915,625
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as & when needed in the interest of the shareholders	Facility is in the nature of Guarantee and availed as & when needed in the interest of the shareholders
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2021	FY2020 (Restated)
i	Earnings per share		35.08	1.00
ii	Net profit		2,084,005,193	59,856,433
iii	Shareholders Equity		4,995,383,370	3,271,333,777
iv	Total Assets		8,471,502,159	6,869,053,991
v	Break-up value		84.10	55.07
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 490,445,113	Sanctioned 1,500,000,000	Sanctioned 3,000,000,000

3 Name of associated company / undertaking : **MCB - Arif Habib Savings and Investments Limited**

S.No.	Description	INVESTMENT IN SECURITIES	LOANS & ADVANCES IN THE NATURE OF:	
			RUNNING FINANCE	CORPORATE GUARANTEE
a)	total investment approved;	481,200,000	-	-
b)	amount of investment made to date;	81,947,527	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	-	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2021	FY2020
i	Earnings per share - basic & diluted		5.23	3.58
ii	Net profit		376,434,163	257,669,113
iii	Shareholders Equity		1,603,129,589	1,550,695,426
iv	Total Assets		2,375,510,961	2,265,572,401
v	Break-up value		22.27	21.54
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 399,252,473	Sanctioned -	Sanctioned -

4 Name of associated company / undertaking : **Pakarab Fertilizers Limited**

S.No.	Description	INVESTMENT IN SECURITIES	LOANS & ADVANCES IN THE NATURE OF:	
			RUNNING FINANCE	CORPORATE GUARANTEE
a)	total investment approved;	2,324,332,000	1,000,000,000	-
b)	amount of investment made to date;	1,324,332,073	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as & when needed in the interest of the shareholders	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2020	FY2019
i	Earnings / (loss) per share		2.46	(9.17)
ii	Net profit / (loss)		1,107,142,000	(4,125,072,000)
iii	Shareholders Equity		9,322,554,000	4,897,169,000
iv	Total Assets		36,650,937,000	43,051,033,000
v	Break-up value		20.72	10.88
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 999,999,927	Sanctioned 1,000,000,000	Sanctioned -

5 Name of associated company / undertaking : **Fatima Fertilizer Company Limited**

S.No.	Description	INVESTMENT IN SECURITIES	LOANS & ADVANCES IN THE NATURE OF:	
			RUNNING FINANCE	CORPORATE GUARANTEE
a)	total investment approved;	2,500,000,000	1,000,000,000	-
b)	amount of investment made to date;	700,037,106	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as & when needed in the interest of the shareholders	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2020	FY2019
i	Earnings per share		6.32	5.75
ii	Net profit		13,274,691,000	12,069,682,000
iii	Shareholders Equity		87,102,656,000	78,008,298,000
iv	Total Assets		157,556,890,000	155,116,305,000
v	Break-up value		41.48	37.15
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 1,799,962,894	Sanctioned 1,000,000,000	Sanctioned -

6 Name of associated company / undertaking : **Rotocast Engineering Company (Private) Limited**

S.No.	Description	INVESTMENT IN SECURITIES	LOANS & ADVANCES IN THE NATURE OF: RUNNING FINANCE	CORPORATE GUARANTEE
a)	total investment approved;	300,000,000	500,000,000	-
b)	amount of investment made to date;	-	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as & when needed in the interest of the shareholders	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2020	FY2019
i	Earnings per share		14.45	34.34
ii	Net profit		144,508,116	343,395,011
iii	Shareholders Equity		4,459,440,766	4,267,522,472
iv	Total Assets		6,324,910,093	5,768,133,699
v	Break-up value		445.94	426.75
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 300,000,000	Sanctioned 500,000,000	Sanctioned -

7 Name of associated company / undertaking : **Arif Habib Dolmen REIT Management Limited**

S.No.	Description	INVESTMENT IN SECURITIES	LOANS & ADVANCES IN THE NATURE OF: RUNNING FINANCE	CORPORATE GUARANTEE
a)	total investment approved;	1,000,000,000	500,000,000	-
b)	amount of investment made to date;	-	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as & when needed in the interest of the shareholders	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2021	FY2020
i	Earnings per share		0.28	1.23
ii	Net profit		5,530,902	24,509,101
iii	Shareholders Equity		224,430,432	218,899,530
iv	Total Assets		681,002,416	231,871,523
v	Break-up value		11.22	10.94
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 1,000,000,000	Sanctioned 500,000,000	Sanctioned -

8 Name of associated company / undertaking : **Aisha Steel Mills Limited**

S.No.	Description	INVESTMENT IN SECURITIES	LOANS & ADVANCES IN THE NATURE OF: RUNNING FINANCE	CORPORATE GUARANTEE
a)	total investment approved;	4,250,000,000	2,539,206,765 (RF)* & 163,404,133 (LTL)**	PKR 5,500,000,000 plus USD 80,000,000 ***
b)	amount of investment made to date;	3,756,183,007	163,404,133 (LTL)	PKR 2,880,457,000 plus USD 8,800,000
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as & when needed in the interest of the shareholders	Facility is in the nature of Guarantee and availed as & when needed in the interest of the shareholders
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2021	FY2020
i	Earnings / (loss) per share - basic & diluted		8.19 & 6.61	(0.89)
ii	Net profit / (loss)		6,368,348,000	(616,573,000)
iii	Shareholders Equity		14,466,584,000	8,097,437,000
iv	Total Assets		36,523,517,000	34,530,748,000
v	Break-up value		17.72	9.96
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 493,816,993	Sanctioned 2,539,206,765 (RF)* 163,404,133 (LTL)**	Sanctioned PKR 5,500,000,000 plus USD 80,000,000 ***

*RF = Running Finance

**LTL = Long Term Loan

***Approval of guarantee limit of any currency equivalent to USD 80 million has already been granted for 5 years by shareholders in EOGM held on 30-Mar-19. The same is disclosed above for completeness of information.

9 Name of associated company / undertaking : **Power Cement Limited**

S.No.	Description	INVESTMENT IN SECURITIES	LOANS & ADVANCES IN THE NATURE OF: RUNNING FINANCE	CORPORATE GUARANTEE
a)	total investment approved;	3,822,000,000	1,000,000,000	PKR 500,000,000 plus USD 49,000,000 *
b)	amount of investment made to date;	3,268,933,266	-	USD 9,635,620
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as & when needed in the interest of the shareholders	Facility is in the nature of Guarantee and availed as & when needed in the interest of the shareholders
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		**FY2021**	**FY2020 (Restated)**
i	Earnings / (loss) per share		0.17	(3.41)
ii	Net profit / (loss)		358,359,000	(3,621,629,000)
iii	Shareholders Equity		10,744,915,000	8,478,635,000
iv	Total Assets		45,491,678,000	45,501,205,000
v	Break-up value		10.10	11.49
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 553,066,734	Sanctioned 1,000,000,000	Sanctioned PKR 500,000,000 plus USD 49,000,000 *

*Approval of guarantee limit of USD 49 million includes the following :

Any currency equivalent of USD 38 million was granted for 5 years by shareholders in EOGM held on 30-Mar-19; same being disclosed above for completeness of information.

10 Name of associated company / undertaking : **Sachal Energy Development (Private) Limited**

S.No.	Description	INVESTMENT IN SECURITIES	LOANS & ADVANCES IN THE NATURE OF: RUNNING FINANCE	LOANS & ADVANCES IN THE NATURE OF: CORPORATE GUARANTEE
a)	total investment approved;	3,500,000,000	1,000,000,000	USD 100,000,000
b)	amount of investment made to date;	2,746,465,560	-	USD 60,000,000
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as & when needed in the interest of the shareholders	Facility is in the nature of Guarantee and availed as & when needed in the interest of the shareholders
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2021	FY2020
i	Earnings per share		5.83	5.72
ii	Net profit		1,864,137,972	1,830,985,197
iii	Shareholders Equity		8,879,410,417	7,015,272,445
iv	Total Assets		19,348,141,023	19,490,728,922
v	Break-up value		27.75	21.92
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 753,534,440	Sanctioned 1,000,000,000	Sanctioned USD 100,000,000

11Name of associated company / undertaking : **Safe Mix Concrete Limited**

S.No.	Description	INVESTMENT IN SECURITIES	LOANS & ADVANCES IN THE NATURE OF: RUNNING FINANCE	LOANS & ADVANCES IN THE NATURE OF: CORPORATE GUARANTEE
a)	total investment approved;	150,000,000	150,000,000	-
b)	amount of investment made to date;	-	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as & when needed in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2020	FY2019
i	(Loss) / earnings per share		(3.95)	(1.19)
ii	Net (loss) / profit		(98,777,041)	(29,771,054)
iii	Shareholders Equity		177,356,035	188,148,433
iv	Total Assets		490,062,787	608,474,409
v	Break-up value		7.09	7.53
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 150,000,000	Sanctioned 150,000,000	Sanctioned -

12 Name of associated company / undertaking : **Dolmen City REIT**

S.No.	Description	INVESTMENT IN SECURITIES	LOANS & ADVANCES IN THE NATURE OF: RUNNING FINANCE	CORPORATE GUARANTEE
a)	total investment approved;	1,000,000,000	-	-
b)	amount of investment made to date;	201,492,133	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	-	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2021	FY2020
i	Earnings per unit		3.87	3.65
ii	Net Profit		8,609,987,000	8,117,883,000
iii	Total unitholders fund		57,424,053,000	51,282,373,000
iv	Total Assets		58,084,224,000	52,034,420,000
v	Net Asset Value per share		25.82	23.06
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 798,507,867	Sanctioned -	Sanctioned -

13 Name of associated company / undertaking : **National Resources (Private) Limited**

S.No.	Description	INVESTMENT IN SECURITIES	LOANS & ADVANCES IN THE NATURE OF: RUNNING FINANCE	CORPORATE GUARANTEE
a)	total investment approved;	150,000,000	-	-
b)	amount of investment made to date;	99,993,500	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	-	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2021	FY2020
i	Loss per share		(3.08)	(2.45)
ii	Net loss		(321,776,693)	(88,141,622)
iii	Shareholders Equity		600,612,126	237,388,819
iv	Total Assets		611,522,391	247,383,811
v	Break-up value		5.75	6.59
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 50,006,500	Sanctioned -	Sanctioned -

سیکریٹریل طریقوں پر عمل درآمد

جائزہ سال کے دوران کمپنیز ایکٹ 2017، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز/ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 (جہاں قابل اطلاق ہو) کے تحت سیکریٹریل اور ادارتی ضوابط کی مکمل پاس داری کی گئی۔

ڈائریکٹرز کے انتخابات

کمپنیز ایکٹ 2017 کی دفعہ 161 کے تحت غیر معمولی اجلاس عام منعقدہ ستمبر 2019 میں منتخب ہونے والے آٹھ ڈائریکٹرز کی تین سالہ مدت ستمبر 2022 کو مکمل ہوگی۔ زیر جائزہ سال کے دوران ڈاکٹر شمشاد اختر نے استعفیٰ دیا اور ان کی جگہ پر محترمہ زیبا بختیار کو ڈائریکٹر منتخب کیا گیا۔ اس خالی نشست پر تقرری معینہ مدت کے دوران کر دی گئی تھی۔

ملحقہ پارٹیوں کے سودے

لسٹنگ ریگولیشنز کی پاس داری کرتے ہوئے کمپنی نے ملحقہ پارٹیوں کے ساتھ تمام سودے آڈٹ کمیٹی اور بورڈ کے روبرو اُن کے جائزے اور منظوری کے لیے پیش کیے۔ ان سودوں کو آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے اپنے متعلقہ اجلاسوں میں منظور کیا۔ ملحقہ پارٹیوں کے ساتھ سودوں کی تفصیل آڈٹ شدہ مالیاتی گوشواروں کے نوٹ نمبر 36 میں پیش کی گئی ہے۔

اعتراف

ڈائریکٹرز کمپنی کے تمام اسٹیک ہولڈرز کے مسلسل اعتماد اور سرپرستی پر ان کے شکر گزار ہیں۔ ہم اپنے کاروباری شراکت داروں، بینکاروں اور مالیاتی اداروں کے اعتماد اور بھروسے پر ان کے لیے ستائش اور تشکر ریکارڈ پر لانا چاہتے ہیں۔ ہم وزارت مالیات، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، کمپیٹیشن کمیشن آف پاکستان، سینٹرل ڈیپازٹری کمپنی آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کے مسلسل تعاون اور رہنمائی پر اُن کے شکر گزار ہیں جن کے تعاون کی وجہ سے کمپنی طویل سفر طے کر کے آج اس مقام تک پہنچی ہے۔ سال کے دوران ہم کمپنی کے ملازمین کی ان تھک محنت کا اعتراف کرتے ہیں۔ انتہائی اہم معاملات میں انتظامیہ کی تائید اور رہنمائی کے لیے آڈٹ کمیٹی اور دیگر کمیٹیوں کے ممبران کے فعال کردار اور ان کی قابل قدر معاونت بھی قابل تعریف ہے۔

بورڈ آف ڈائریکٹرز کے لیے اور اُن کی طرف سے

جناب عارف حبیب
چیف ایگزیکٹو

جناب اسداللہ خواجہ
چیئرمین

کراچی: 29 ستمبر 2021

بورڈ کے اجلاس میں حاضری

ان افراد کے نام جو مالیاتی سال کے دوران کمپنی کے ڈائریکٹر رہے بمع بورڈ اور کمیٹیوں کے اجلاسوں میں ان کی حاضری سے متعلق بیان کو گوشوارہ -II میں منسلک کیا گیا ہے۔

حصص داری کی ساخت

کمپنی کے حصص پاکستان اسٹاک ایکسچینج میں لسٹڈ ہیں۔ 30 جون 2021 کو کمپنی کے 3,356 حصص یافتگان تھے۔کمپنی کے حصص پاکستان اسٹاک ایکسچینج میں لسٹڈ ہیں۔حصص داری کی تفصیلی ساخت اور کمپنی کی حصص داری کی اقسام بشمول ڈائریکٹرز اور ایگزیکٹیو کی ملکیت میں حصص کی تعداد، اگر کوئی ہو، تو وہ منسلک گوشوارہ-III میں پیش کی گئی ہے۔

مالیاتی اور کاروباری جھلکیاں

مالیاتی اور کاروباری اعداد و شمار اختصاری شکل میں ''گزشتہ چھ سالوں کی مالیاتی اور کاروباری جھلکیاں ایک نظر میں'' کے عنوان سے صفحہ نمبر 62 پر دیے گئے ہیں۔

ریٹائرمنٹ فنڈز سے سرمایہ کاری

کمپنی کے تحت اسٹاف پراویڈنٹ فنڈ سے کی گئی سرمایہ کاری کی مالیت ان کے 30 جون 2021 تک کے متعلقہ غیر آڈٹ شدہ مالیاتی گوشواروں کے مطابق 41.8 ملین روپے ہے۔

آڈٹ کمیٹی

ادارتی نظم و ضبط کے ضابطے کے تحت آڈٹ کمیٹی نے تسلسل کے ساتھ اپنے فرائض کو بورڈ کی تعین کردہ ذمے داریوں کے مطابق انجام دیا۔کمیٹی کی تشکیل اور اس کی ذمے داریوں کے نمایاں خدوخال اس رپورٹ کے ساتھ منسلک کیے گئے ہیں۔

آڈیٹرز

موجودہ بیرونی آڈیٹرز میسرز KPMG تاثیر ہادی اینڈ کمپنی 28 اکتوبر 2021 کو منعقد ہونے والے اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے۔آڈیٹرز کی تبدیلی کے حوالے سے ادارتی نظم و ضبط کے بہترین طریقوں کو مدِنظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر باہمی طے شدہ معاوضہ پر 30 جون 2022 کو ختم ہونے والے سال کے لیے میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی بطور بیرونی آڈیٹر تقرری کی تجویز دی ہے۔میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام میں تسلی بخش ریٹنگ حاصل ہے۔اس سلسلے میں 28 اکتوبر 2021 کو ہونے والے اجلاس عام میں حصص یافتگان سے منظوری لی جائے گی۔

بورڈ/کمیٹیوں کی تشکیل

کل آٹھ ڈائریکٹرز میں سے سات ڈائریکٹرز مرد ہیں جبکہ ایک ڈائریکٹر خاتون ہیں۔ سال کے دوران محترمہ زیبا بختیار کی ڈاکٹر شمشاد اختر کی جگہ پر خالی ہونے والی اسامی پر تقرری کی گئی۔ موجودہ بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشکیل درج ذیل ہے:

بورڈ آف ڈائریکٹرز	قسم	آڈٹ کمیٹی	سرمایہ کاری اور پروجیکٹ تنوع کمیٹی	انسانی وسائل اور معاوضہ کمیٹی
جناب سراج الدین قاسم	آزاد	چیئرمین	–	چیئرمین
محترمہ زیبا بختیار (خاتون ڈائریکٹر)	آزاد	–	–	–
جناب اسد اللہ خواجہ (چیئرمین)	نان ایگزیکٹو	–	–	–
جناب نسیم بیگ	نان ایگزیکٹو	–	ممبر	ممبر
جناب صمد اے حبیب	نان ایگزیکٹو	–	ممبر	–
جناب کاشف اے حبیب	نان ایگزیکٹو	ممبر	ممبر	ممبر
جناب محمد اعجاز	نان ایگزیکٹو	ممبر	–	–
جناب عارف حبیب (چیف ایگزیکٹو)	ایگزیکٹو	–	چیئرمین	ممبر

ڈائریکٹرز کے معاوضے کی پالیسی

عارف حبیب کارپوریشن لمیٹڈ کے نان ایگزیکٹو ڈائریکٹرز بشمول آزاد ڈائریکٹرز جو کہ کسی گروپ کمپنی میں ڈائریکٹر، انتظامی عہدے اور اعلیٰ انتظامیہ میں شامل نہ ہوں وہ بورڈ آف ڈائریکٹر اور بورڈ کی کسی ذیلی کمیٹی کے اجلاس میں حاضر ہونے پر بورڈ کی وقتاً فوقتاً منظور کردہ شرح کے مطابق معاوضہ طلب کر سکتے ہیں۔

کسی ڈائریکٹر کو سونپی گئی اضافی خدمات کے عوض معاوضے کا تعین بورڈ آف ڈائریکٹرز مارکیٹ کے معیار اور کام کے دائرہ کار کے مطابق طے کرتا ہے اور اس کے لیے کمپنی کے لیے آرٹیکلز آف ایسوسی ایشن کی پاسداری کی جاتی ہے۔ معاوضے کی سطح ذمے داری اور مہارت کے مطابق اور مناسب ہوتی ہے۔ تاہم کسی بھی آزاد ڈائریکٹر کا معاوضہ اس سطح کا نہیں ہوگا جسے اس کی آزادی پر تصفیہ تصور کیا جائے۔

چیف ایگزیکٹو آفیسر بورڈ کا واحد ایگزیکٹو ڈائریکٹر ہے۔ چیف ایگزیکٹو، ڈائریکٹرز اور ایگزیکٹوز کے معاوضے کے پیکیج کی تفصیلات منسلک آڈٹ شدہ مالیاتی گوشواروں کے نوٹ نمبر 29 میں پیش کی گئی ہیں۔

تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں، کوملحوظ خاطر رکھا گیا ہے۔ اندرونی کنٹرول کے نظام بشمول مالیاتی نظام مضبوط اور موئثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔ کمپنی کے مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔ ٹیکسوں، محصولات، واجبات وغیرہ کی مد میں کوئی قابل ذکر رقم واجب الادا نہیں ہے۔ گریجویٹی، پینشن یا پراویڈنٹ فنڈ کی مد میں بھی کوئی واجبات قابل ادا نہیں ہیں۔

کمپنی کی پالیسی ہے کہ جہاں پر اس نے سرمایہ کاری کی ہے وہاں کے بورڈ میں اپنے ڈائریکٹر نامزد کرتی ہے۔ جب بھی ضرورت پڑتی ہے تو AHCL کے نامزد افراد اور/ یا نمائندے ہر کلیدی سرمایہ کاری کردہ کمپنی کی انتظامیہ کے ساتھ بجٹ اور کاروباری منصوبوں پر کام کرتے ہیں اور بجٹ اور بزنس پلان کے مطابق کارکردگی کا جائزہ لیتے ہیں۔ سرمایہ کاری کردہ کمپنی کی مجموعی کارکردگی کی وقتاً فوقتاً نگرانی بھی کی جاتی ہے۔

بورڈ اس بات کا اعادہ کرتا ہے کہ کمپنی کے چلتے ہوئے ادارے کی صلاحیت میں کوئی شک وشبہ نہیں ہے اور ادارتی نظم وضبط کے بہترین طور طریقوں سے کوئی قابل ذکر انحراف نہیں کیا گیا۔

کمپنی ہمیشہ بہترین ادارتی نظم وضبط اور شفاف اور درست طور طریقوں کے ذریعے آگے بڑھنے کے لیے کوشاں ہے، ان میں سے بہت سے طور طریقے کمپنی میں اُس وقت سے نافذ ہیں جب انہیں قانونی شکل بھی نہیں دی گئی تھی۔

ڈائریکٹرز اور اعلیٰ عہدے داران کی کمپنی کے حصص میں خرید وفروخت

تمام ڈائریکٹرز بشمول چیف ایگزیکٹیو، چیف فنانشل آفیسر اور کمپنی کے اعلیٰ عہدے داران کو کمپنی سیکریٹری کی جانب سے مطلع کر دیا گیا تھا کہ اگر انہوں نے بذات خود یا ان کے شریک حیات نے کمپنی کے حصص میں کوئی خرید وفروخت کی ہے تو تحریری طور پر ان سودوں کی قیمت، حصص کی تعداد اور CDC گوشوارے کی تفصیلات سودے کے 2 دن کے اندر کمپنی سیکریٹری کو ارسال کردیں۔

ڈائریکٹرز، چیف ایگزیکٹیو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کے شریک حیات اور کم عمر فیملی ممبران کی کمپنی کے حصص میں خرید وفروخت سے متعلق بیان کو گوشوارہ نمبر 1 میں منسلک کیا گیا ہے۔ گوشوارہ نمبر 1 میں دیئے گئے منکشفات کے علاوہ کسی بھی ایسے ملازم جس کی بنیادی سالانہ تنخواہ 2,400,000 روپے سے زیادہ ہو، اس نے کمپنی کے حصص میں کوئی خرید وفروخت نہیں کی۔ سالانہ رپورٹوں میں حصص کی خرید وفروخت منکشف کیے جانے کے لیے تنخواہ کی اس سطح کو کمپنی کے بورڈ نے طے کیا ہے۔

مادیت کے لائحہ عمل کا نفاذ

بورڈ آف ڈائریکٹرز کمپنی کے تمام مادی / اہمیت کے حامل معاملات کی کڑی نگرانی کرتا ہے ۔عام طور پر ان تمام معاملات کو مادی سمجھا جاتا ہے جو پالیسی کے مطابق کمپنی کی کارکردگی اور منافع کو نمایاں طور پر متاثر کرسکتے ہوں خواہ وہ انفرادی معاملات ہوں یا اجتماعی معاملات ۔

کارپوریٹ سماجی ذمہ داری

کمپنی کے قیام ہی سے پائیدار اور ذمے دارانہ ترقی ہمارے بنیادی عناصر رہے ہیں جس کی وجہ سے ہم تسلسل کے ساتھ اپنے گروپ کی کمپنیوں کی حوصلہ افزائی کرتے ہیں کہ وہ جس ماحول اور لوگوں کے درمیان کاروبار کرتے ہیں ان کے ساتھ ذمہ دارانہ رویہ اپنائیں اور حساسیت کا مظاہرہ کریں ۔

عارف حبیب گروپ میں ہم اپنے ملازمین کے ساتھ ساتھ پوری قوم کی صحت و بہبود کے لیے فکرمند رہتے ہیں ۔اسی لیے ہم نے اپنے ملازمین، صارفین اور شراکت داروں کی حفاظت یقینی بنانے کے لیے اقدامات اٹھائے اور مقامی برادریوں کو بھی امداد فراہم کی ۔

عارف حبیب گروپ کی کمپنیاں پورے پاکستان میں بڑے پیمانے پر CSR پروگرام چلا رہی ہیں جن میں انتہائی توجہ طلب شعبوں کا احاطہ کیا گیا ہے اور تعلیم، صحت، ماحولیات، سماجی بہبود، کھیل اور ریلیف کے کاموں کو خصوصی اہمیت دی گئی ہے ۔

گروپ کی کمپنیاں توانائی کی بچت پر توجہ مرکوز رکھتی ہیں اور تمام شعبہ جات اور ملازمین توانائی میں بچت کے اقدامات کی پابندی کرتے ہیں ۔ یہ ہمارا نصب العین ہے کہ معیشت، اپنے لوگوں اور ماحول کی بہتری کے لیے سرمایہ کاری کے ذریعے پاکستان میں معاشی ترقی اور استحکام لایا جائے ۔گروپ تسلسل کے ساتھ وسائل کے کم استعمال کے اقدامات کی تائید کرتا ہے اور قابل تجدید توانائی میں تحقیق کی حوصلہ افزائی کرتا ہے ۔

آپ کی کمپنی قومی معیشت میں اپنی شراکت کو بہت اہمیت دیتی ہے اور ہمیشہ اپنی ذمے داریوں سے شفافیت، درستگی اور بروقت انداز میں عہدہ برآں ہوئی ہے ۔گروپ کی کمپنیوں کی جانب سے کی گئی معاونت کی تفصیلات صفحہ نمبر 70 پر پیش کی گئی ہیں ۔

ادارتی نظم وضبط

AHCL پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے ۔کمپنی کا بورڈ اور انتظامیہ لسٹڈ کمپنیوں کے ادارتی نظم وضبط کے ضابطے پر عمل پیرا ہے اور اس سلسلے میں اپنی ذمے داریوں سے آگاہ ہے اور کاروباری افعال اور کارکردگی کی نگرانی کی جاتی ہے تاکہ مالیاتی اور غیر مالیاتی معلومات کی درستگی، جامعیت اور شفافیت میں بہتری لائی جاسکے ۔

بورڈ اس موقع پر اقرار کرتا ہے کہ کمپنی کے کھاتوں کی کتابیں درست انداز میں برقرار رکھی گئی ہیں اور مناسب حساباتی پالیسیوں کو اختیار کیا گیا ہے اور انہیں مالیاتی گوشواروں کی تیاری میں تسلسل کے ساتھ ملحوظ خاطر رکھا گیا ہے سوائے نئے معیارات اور ان ترامیم کے جنہیں آڈٹ شدہ مالیاتی گوشواروں کے نوٹ نمبر 3 میں بیان کیا گیا ہے ۔حسابات کی تیاری اور حساباتی تخمینوں کی بنیاد معقول اور محتاط فیصلوں پر ہے ۔مالیاتی گوشواروں کی

ہوتا ہے ان طریقوں کو اپنایا جاتا ہے جن سے خطرات کو قابو کیا جاسکے۔ بطور ایک جاری عمل اور سال میں کم از کم ایک مرتبہ انتظامیہ مالیاتی گوشواروں کی رپورٹوں اوراس کے علاوہ خطرات سے نمٹنے، کارپوریٹ سماجی ذمہ داری، شمولیت اور اداراتی نظم وضبط کے ضابطے، حساباتی مینوئل، قانونی تقاضوں اور قواعد وضوابط کی پاسداری کی رپورٹوں کا جائزہ لیتی ہے۔

کاروباری خطرات کے انتظام میں نقطہ آغاز ہی سے سرمایہ کاری سے قبل گہرا تجزیہ کیا جاتا ہے اوراس ضرورت کو پورا کرنے کے لیے ایسے تعلیم یافتہ اور تجربہ کار پیشہ ورانہ اسٹاف کو بھرتی کیا جاتا ہے جو ضرورت پڑے تو سرمایہ کاری کردہ کمپنیوں کے بورڈ میں نمائندگی کرسکیں اور بورڈ ممبروں کے ذریعے ان کمپنیوں کے بجٹ اور دیگر اندرونی کنٹرول کے نظام کو لاگو کرسکیں، تسلسل کے ساتھ سرمایہ کاری کردہ کمپنیوں کی کارکردگی کا جائزہ لیں اور جب اور جیسے ضرورت پڑے اصلاحی اقدامات کریں، بشمول اگر درست لگے تو اس کمپنی میں سے سرمایہ کاری نکال لیں۔

بورڈ نے ایک سرمایہ کاری کمیٹی تشکیل دی ہے جس کی ذمہ داری تمام کلیدی سرمایہ کاریوں کی مسلسل اور بلا رکاوٹ نگرانی کرنا ہے۔ جس کے جواب میں کمپنی کا انتظامی عملہ کمیٹی کو کلیدی سرمایہ کاریوں پر بروقت رپورٹ فراہم کرنے کا ذمہ دار ہوتا ہے۔ خطرات کے انتظام پر تفصیلی معیاری اور مقداری تجزیے مالیاتی گوشواروں کے نوٹ نمبر 33 میں دیے گئے ہیں۔

سرمائے کا انتظام اور روانیت

کمپنی کی پالیسی ہے کہ سرمائے کی مستحکم سطح برقرار رکھی جائے تا کہ سرمایہ کاروں، قرض دہندگان اور مارکیٹ کا اعتماد بحال رہے، کاروبار میں پائیدار ترقی ہو، کمپنی کی چلتے ہوئے ادارے کی حیثیت کا تحفظ ہو، تا کہ وہ اپنے حصص یافتگان کو بہتر منفعت اور دیگر شراکت داروں کو فوائد فراہم کیے جاسکے اور سرمائے کی ساخت کی بہترین سطح کو برقرار رکھتے ہوئے سرمائے کی لاگت کم کی جاسکے۔ بورڈ آف ڈائریکٹرز سرمائے پر منافع کی نگرانی کرتے ہیں جسے کمپنی خالص منافع بعد از ٹیکس کہتی ہے اور اسے کل حصص یافتگان کی ملکیت کے لحاظ سے تقسیم کیا جاتا ہے۔ سال کے دوران سرمائے کے انتظام سے متعلق کمپنی کے نقطہ نظر میں کوئی تبدیلی نہیں کی گئی اور کمپنی کسی بیرونی سرمائے کے تقاضوں کی تابع نہیں ہے۔

انسانی وسائل

آپ کی کمپنی کو اس بات پر فخر ہے کہ اس کے ملازمین کاروبار کے تمام شعبوں میں اپنی اہلیت، وابستگی اور وفاداری رکھتے ہیں۔ ہم اہل ترین ملازمین کے انتخاب، ان کی صلاحیتوں کو بھرپور انداز میں استعمال کر کے، ان کی اہلیتوں کو نکھار کر اور ملازمتی معیار کے ذریعے ملازمین کی طویل مدتی ترقی یقینی بناتے ہیں۔

ہم سمجھتے ہیں کہ ہمارے ملازمین پر سرمایہ کاری سے ہمیں کام کے لیے ایک زیادہ مضبوط اور موثر افرادی قوت حاصل ہوگی۔ ملازمین کی حوصلہ افزائی کی جاتی ہے اور انھیں ان کی کارکردگی کے مطابق نوازا جاتا ہے جس کی وجہ سے طویل مدت ملازمت اور ترغیب ہر سطح پر موجود ہے۔ ہماری کاروباری سرگرمیاں اخلاقی ضابطوں کے مطابق شفافیت کے ساتھ انجام پاتی ہیں جس پر کوئی سمجھوتا نہیں کیا جاتا۔

مستقبل کی پیش بینی

ہم توقع کرتے ہیں کہ حکومت اور مرکزی بینک کے نمو کی بحالی کے اقدامات سے معاشی سرگرمی میں تسلسل کے ساتھ بہتری کا رجحان جاری رہے گا۔ رواں کھاتے کے خسارہ اور روپے کی قدر پر دباؤ کے باعث افراط زر میں اضافہ ہوا۔ آپ کی کمپنی کے متنوع پورٹ فولیو سے متوقع طور پر منافع منقسمہ کی آمدنی میں اضافہ ہونے سے کارکردگی بہتر رہی۔ توقع ہے کہ کھاد اور ریئل اسٹیٹ کے منافع میں قابل ذکر نمو ہوگی جبکہ ہوائی توانائی کے بارے میں اندازہ ہے کہ گزشتہ سال کا منافع برقرار رہے گا۔ مالیاتی خدمات اور اسٹیل سے معقول منافع کی توقع ہے اور سیمنٹ سے توقع ہے کہ بریک ایون (breakeven) پر رہے گا۔ مجموعی طور پر توقع ہے کہ کمپنی کی کارکردگی بہتر رہے گی۔

خطرات سے نمٹنا

خطرات کے انتظام کا نظام بورڈ نے تشکیل دیا ہے جس میں وسیع پیمانے پر واضح ترتیب شدہ ادارتی اور انضباطی اجزاء شامل کیے گئے ہیں اور یہ ان واقعات اور پیشقدمیوں کو شناخت کرنے کی اہلیت رکھتا ہے جو کہ کمپنی کے چلتے ہوئے ادارے کی حیثیت کو نقصان پہنچا سکتے ہیں۔ خطرات سے نمٹنے کا نظام اس طرح ڈیزائن کیا گیا ہے کہ ادارے میں ہر سطح پر خطرات سے نمٹنے کے لیے متوازن طریقہ کار اختیار کیا جائے، خطرات اور مواقعوں کی ابتدائی مرحلے ہی میں شناخت اور تجزیہ کیا جائے، ان کی شدت کو ناپنے اور ان کی نگرانی اور انتظام کے لیے موزوں تدابیر کی جائیں۔

چونکہ کمپنی کا بنیادی کاروبار سرمایہ کاری ہے، اس لیے جیسے جیسے سرمایہ کاری حکمت عملی میں تبدیلیاں آتی ہیں خطرات سے نمٹنے کے نظام کو بھی اسی لحاظ سے تبدیل کیا جاتا ہے، اس کی روشنی میں کاروباری خطرات کا مجموعی طور پر سالانہ جائزہ لیا جاتا ہے تاکہ یقینی بنایا جائے کہ انتظامیہ خطرات کی شناخت، خطرات کے انتظام، اثاثوں، وسائل، ساکھ اور کمپنی اور حصص یافتگان کے مفادات کے تحفظ کے لیے متعلقہ انتظامی اور اندرونی کنٹرول کا موزوں نظام برقرار رکھتی ہے۔

کمپنی نے ثانوی مارکیٹ میں اپنی سرمایہ کاریوں کا آغاز کیا اور اس کے ساتھ ساتھ ہمیشہ مختلف شعبوں اور کمپنیوں میں تنوع کی پالیسی پر عمل درآمد کیا، جس میں انفرادی سرمایہ کاری فیصلوں کی بنیاد اہم تجزیات پر رکھی گئی اور سرمایہ کاری کی قدر کے لئے وقت پر ثابت شدہ اصولوں کی پیروی کی گئی۔ کمپنی خطرات کا مقابلہ تحفظاتی انتخاب کو محتاط انداز میں استعمال کرتے ہوئے کرتی ہے، خطرات کے ارتکاز سے بچتی ہے، مناسب ضمانتوں اور ممکنہ نقدی کے بہاؤ کو یقینی بناتی ہے اور مقابل فریق کی صلاحیت کی تشخیص کرتی ہے۔ اس کے علاوہ کمپنی بنیادی کیپیٹل مارکیٹ کے انفرااسٹرکچر کی ترقی میں اپنے نمائندوں کے ذریعے مسلسل کردار ادا کر رہی ہے۔

اپنی کلیدی سرمایہ کاریوں کے لیے کمپنی نے خطرات سے نمٹنے کے ایسے نظام ترویج کیے ہیں جو اس سرمایہ کاری کے لیے موزوں ہوں۔ کاروباری فیصلے پروجیکٹ کے جامع تجزیوں کے بعد کیے جاتے ہیں جن میں ممکنہ خطرات اور مواقعوں کی نشان دہی ہوتی ہے۔ خطرات سے نمٹنے کے لیے کمپنی کی توجہ بنیادی پہلوؤں جیسے بورڈ اور اعلیٰ انتظامیہ کے ذریعے انتظام کاری، پالیسیوں اور طریقہ کار کی تیاری اور نفاذ، خطرات کی نگرانی، انتظامی معلوماتی نظام اور اندرونی کنٹرول پر ہے۔ کمپنی خود کار عمل کے ذریعے خطرات اور ان کے کنٹرول کی تشخیص اور شناخت کرتی ہے اور جہاں ضروری

ہماری ایسیٹ مینجمنٹ کمپنی ایم سی بی عارف حبیب سیونگز اینڈ انویسٹمنٹس لمیٹڈ (MCBAH) میں جائزہ سال کے دوران قابل ذکر نمو ہوئی۔ MCBAH نے قابل ذکر نمو کا مظاہرہ کیا اور اس کی خالص فروخت 46.1 بلین روپے سے زیادہ رہی جس کے نتیجے میں 30 جون 2021 کو کمپنی کے زیر انتظام اثاثے 155.4 بلین روپے تک پہنچ گئے جو کہ 30 جون 2020 کو 109.3 بلین روپے تھے۔ MCBAH کا بعد از ٹیکس منافع 376.4 ملین روپے رہا جبکہ گزشتہ سال یہ 257.7 ملین روپے تھا۔ 30 جون 2021ء کو ختم ہونے والے مالی سال کے لیے کمپنی کی فی حصص آمدنی 5.23 روپے رہی جبکہ گزشتہ مالی سال میں فی حصص آمدنی 3.58 روپے تھی۔

اسٹیل

عائشہ اسٹیل ملز لمیٹڈ (ASML) درآمدی ہاٹ رولڈ کوائلز (HRC) سے عالمی معیار کی گیلوینائزڈ آئرن کوائلز (GI) اور کولڈ رولڈ کوائلز (CRC) کی پیداوار کرتی ہے۔ سال 21-2020 میں فروخت کی مقدار 379,622 ٹن رہی جبکہ گزشتہ سال یہ 258,453 ٹن تھی، جس سے 47 فیصد اضافہ کی عکاسی ہوتی ہے۔ اس سال کی کل پیداوار 365,274 ٹن رہی جبکہ گزشتہ سال 277,800 ٹن تھی جس سے 31 فیصد اضافہ کی عکاسی ہوتی ہے۔ سال کے دوران آمدن فروخت 55.12 بلین روپے رہی جبکہ گزشتہ سال میں یہ 29.78 بلین روپے تھی۔ خام منافع میں 20.29 فیصد اضافہ ہوا جبکہ گزشتہ سال 7.95 فیصد اضافہ ہوا تھا۔ منافع بعد از ٹیکس 6.4 بلین روپے رہا جبکہ گزشتہ سال 616.6 ملین روپے کا خسارہ تھا، اس سے 8.19 فی حصص آمدنی کی عکاسی ہوتی ہے جو کہ گزشتہ سال 80 پیسہ فی حصص خسارہ تھی۔

سیمنٹ

پاور سیمنٹ کی موجودہ پیداواری گنجائش 0.9 ملین ٹن سالانہ سے بڑھ کر 3.6 ملین ٹن سالانہ ہوگئی ہے، جس کے نتیجے میں یہ ایک انتہائی کم لاگت والی اور جنوبی خطے میں دوسری بڑی کمپنی بن گئی ہے، اس سے کمپنی کو مارکیٹ میں اپنا حصہ بڑھانے اور سیمنٹ کے شعبے میں ایک بڑے کھلاڑی کی حیثیت اختیار کرنے میں مدد ملی گی۔ نیا پلانٹ یورپ کا جدید ترین سیمنٹ پروڈکشن لائن ہے جو FLSmidth، Denmark کی جانب سے فراہم کیا گیا ہے۔ یہ پلانٹ ماحولیاتی آلودگی کو قابو کرنے، توانائی کی بچت اور دیکھ بھال میں آسانی کے جدید نظام کا حامل ہے۔ پلانٹ سے گیسوں کا اخراج ورلڈ بینک اور IFC کے رہنما اصولوں کے مطابق ہوتا ہے۔ ایک جامع کوالٹی کنٹرول نظام بھی اس نئے پلانٹ کے خصوصیت میں سے ہے۔ کمپنی کا بعد از ٹیکس منافع 358 ملین روپے رہا جبکہ گزشتہ سال 3.6 بلین روپے کا خسارہ تھا۔

ہوائی توانائی

سچل انرجی ڈویلپمنٹ (پرائیوٹ) لمیٹڈ (SEDPL) سی پیک کے تحت پہلا پاکستانی ملکیتی ونڈ پروجیکٹ ہے جس نے تجارتی سرگرمیاں شروع کردی ہیں۔ مزید براں SEDPL پہلا نجی ملکیت والا پاکستانی منصوبہ ہے جس کو SINOSURE کے تحت اور چین کے ICBC کی جانب سے فائنانسنگ کی سہولت حاصل ہوئی ہے۔ کمپنی نیشنل ٹرانسمیشن اینڈ ڈیسپیچ کمپنی NTDC کے ذریعے 20 سال تک قومی گرڈ کو صاف توانائی کی فراہمی کے لیے پرعزم ہے۔ کمپنی نے رواں مالی سال 1.9 ارب روپے کا منافع حاصل کیا اور اس کی فی حصص آمدنی 5.97 روپے رہی۔

بورڈ نے حتمی نقد منافع منقسمہ برائے سال 30 جون 2021 کے لیے 3 روپے فی حصص یعنی 30 فیصد کی سفارش کی ہے۔ یہ منافع منقسمہ ان حصص یافتگان کو دیا جائے گا جن کے نام 21 اکتوبر 2021 کو دفتری اوقات ختم ہونے پر حصص یافتگان کے رجسٹر میں درج ہونگے۔

ذیلی اور ملحقہ کمپنیوں کی کارکردگی

مالیاتی سال 2021 سرمایہ شدہ کمپنیوں کی مالیاتی کارکردگی کے سلسلے میں بہت مثبت ثابت ہوا۔ آپ کی کمپنی کے متنوع پورٹ فولیو نے گزشتہ سال کی بنسبت توقع سے بڑھ کر سرپرست کمپنی کو زیادہ منافع منقسمہ فراہم کیا۔

سرمایہ کاری شعبہ کا سرسری جائزہ

فرٹیلائیزر

فرٹیلائزر کے شعبے میں کمپنی کی قابل ذکر سرمایہ کاری ہے جس کی کل سالانہ پیداواری گنجائش 2.7 ملین ٹن ہے جس کے پلانٹ صادق آباد، شیخوپورہ اور ملتان میں فاطمہ فرٹیلائزر کمپنی لمیٹڈ (FATIMA) کے نام سے ہیں۔

زیر جائزہ سال کے دوران کمپنی کی کاروباری اور مالیاتی کارکردگی مستحکم رہی۔ گزشتہ سال کی بہ نسبت مجموعی پیداوار اور فروخت کے حجم میں اضافہ ہوا جس کی بنیادی وجہ گزشتہ سال حاصل ہونے والے ملتان کے پلانٹ کا پیداواری حجم ہے۔ جولائی 2020 سے جون 2021 تک کمپنی کا خالص منافع بعد از ٹیکس 15.4 بلین روپے رہا۔

پاک عرب فرٹیلائزرز لمیٹڈ (PAFL) کے پیداواری اور عملی پلانٹس کے فروخت کے بعد PAFL کی توجہ کا مرکز درآمدی DAP کی تجارت اور لیکویفائیڈ کاربن ڈائی آکسائیڈ (LCO2) کی فروخت اور FATIMA کو فروخت کئے گئے پلانٹس کو افرادی قوت کی فراہمی اور دیکھ بھال کی خدمات فراہم کرنا ہے۔

مالیاتی خدمات

FY19 اور FY20 کی کارکردگی کے برعکس یہ سال KSE-100 انڈیکس کے لیے بہترین رہا جو کہ 38 فیصد اضافہ کے ساتھ 47,356 پوائنٹس تک پہنچ گیا۔ یہ FY14 کے 41 فیصد سے اب تک کی بلند ترین سالانہ منفعت ہے۔ اس شعبے کی ذیلی کمپنیوں کی کارکردگی سے مارکیٹ کے رجحان کی عکاسی ہوتی ہے۔ 30 جون 2021 کو عارف حبیب لمیٹڈ (AHL) کا منافع 2.08 بلین روپے کی بلند ترین سطح پر پہنچ گیا اور اس میں گزشتہ سال کی بہ نسبت 3,382 فیصد اضافہ ہوا۔

میزانئے کی تاریخ پر AHL کی ایکوٹی 5 بلین روپے رہی (جون 2020 کو 3.3 بلین روپے) جس کے نتیجے میں کتابی قدر فی حصص 84.10 روپے رہی (30 جون 2020 کو 55.07 روپے)۔

ڈائریکٹرزرپورٹ

محترم حصص یافتگان!

عارف حبیب کارپوریشن لمیٹڈ AHCL کے ڈائریکٹرز آپ کی کمپنی کے 30 جون 2021ء کو ختم ہونے والے مالی سال کی سالانہ رپورٹ اور آڈٹ شدہ گوشواروں کے ساتھ ان پر آڈیٹرز کی رپورٹ پیش کر رہے ہیں۔

اہم سرگرمیاں

AHCL عارف حبیب گروپ کی ہولڈنگ کمپنی ہے جس کا کاروبار مالیاتی خدمات، کھاد، توانائی، سیمنٹ، اسٹیل اور رئیل اسٹیٹ جیسے مختلف النوع شعبوں میں پھیلا ہوا ہے۔ کمپنی حصص مارکیٹ میں بھی تسلسل کے ساتھ سرمایہ کاری کرتی ہے۔

معیشت

گزشتہ سال میں COVID-19 وباء کے اثرات کے بعد زیر جائزہ سال میں معاشی سرگرمیاں (V-shaped) شکل میں بحال ہوئی ہیں۔ حکومت اور مرکزی بینک کے فعال اقدامات اور معاون سہولیات/ پالیسیوں سے معاشی سرگرمی میں بحالی آئی۔ ان میں قابل ذکر FY20 کے اختتام تک قرضوں کو موخر کرنے کی سہولت، متحرکانہ مالیاتی نرمی، عارضی معاشی قرضہ جاتی سہولت اور تعمیراتی پیکیج ہیں۔ FY21 میں معیشت میں GDP میں نمو 3.94 فیصد رہی جبکہ گزشتہ سال منفی 0.5 فیصد تھی۔ اس بحالی کے نتیجے میں درآمدی بل (سامان) 54 بلین یو ایس ڈالر کی بلند سطح پر رہا جو کہ گزشتہ سال کی بنسبت 23 فیصد زیادہ ہے، برآمدات 3.1 بلین یو ایس ڈالر اضافہ کے ساتھ 25.6 بلین یو ایس ڈالر تک پہنچ گئیں، ترسیلاتِ زر 27 فیصد نمو کے ساتھ 29.4 بلین یو ایس ڈالر رہیں اور رواں کھاتے کا خسارہ کم ہو کر 1.8 بلین یو ایس ڈالر کے ساتھ GDP کا 0.6 فیصد رہا۔ زیر جائزہ سال کے دوران روپے کی قدر میں 6.3 فیصد کمی ہوئی۔ کل زرمبادلہ کے ذخائر کی پوزیشن مستحکم ہوئی جو کہ FY21 کے اختتام تک 24.4 بلین یو ایس ڈالر تک پہنچ گئی جو کہ گزشتہ سال کی بنسبت 29 فیصد زیادہ ہے۔ FY21 میں افراطِ زر کے اوسطاً عدد 8.9 فیصد رہے۔

مالیاتی نتائج

کمپنی کا مجموعی منافع بعد از ٹیکس (جو سرپرست کمپنی کے مالکان سے منسوب کیا جاتا ہے) 7.5 بلین روپے رہا جبکہ 2020 میں منافع بعد از ٹیکس 2.6 بلین روپے تھا۔ اس سے فی حصص آمدنی 18.33 روپے رہی جبکہ گزشتہ مالی سال فی حصص آمدنی 6.39 روپے رہی تھی۔

انفرادی طور پر کمپنی کو بعد از ٹیکس 3.8 بلین روپے کا منافع ہوا جبکہ سال 2019-20 میں 569.9 ملین روپے کا خسارہ ہوا تھا۔ اس کے نتیجے میں فی حصص آمدنی 9.49 روپے رہی جبکہ گزشتہ سال 1.38 روپے فی حصص خسارہ تھا۔

FORM OF PROXY 27TH
ANNUAL GENERAL MEETING

The Company Secretary
Arif Habib Corporation Limited
Arif Habib Centre
23, M.T. Khan Road
Karachi.

I/ we ______________________________ of _____________________ being a member(s) of Arif Habib Corporation Limited holding ________________________ ordinary shares as per CDC A/c. No.____________ hereby appoint Mr./Mrs./Miss ___________________________ _________________________ of (full address)_________________________________ ____ or failing him/her Mr./Mrs./Miss ____ of (full address) ____

(being member of the company) as my/our Proxy to attend, act vote for me/us and on my/our behalf at the Twenty Seventh Annual General Meeting of the Company to be held on 28 October 2021.and/or any adjournment thereof.

Signed this ___________ day of ___________ 2021.

Witnesses:

1. Name : ________________________
   Address : ________________________
   CNIC No. : ________________________
   Signature : ________________________

2. Name : ________________________
   Address : ________________________
   CNIC No. : ________________________
   Signature : ________________________

Signature on Rs. 5/- Revenue Stamp

NOTES:

1. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.

2. Proxy shall authenticate his/her identity by showing his/her original CNIC / passport and bring folio number at the time of attending the meeting.

3. In order to be effective, the proxy Form must be received at the office of our Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi, not later than 48 hours before the meeting duly signed and stamped and witnessed by two persons with their signature, name, address and CNIC number given on the form.

4. In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy Form.

5. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted alongwith proxy Form.

پراکسی فارم

27th سالانہ جنرل اجلاس

کمپنی سیکریٹری
عارف حبیب کارپوریشن لمیٹڈ
عارف حبیب سینٹر
23، ایم ٹی خان روڈ
کراچی۔

میں مسمّٰی / مسمّاۃ ـــــــــــــــــــــــ ساکن ـــــــــــــــــــــــــــــــ ضلع ـــــــــــــــــــــ

بحیثیت ممبر عارف حبیب کارپوریشن لمیٹڈ، مسمّٰی / مسمّاۃ ـــــــــــــــــــــــــــــــــ

ساکن ـــــــــــــــــــــــــ کو بطورِ مختار (پراکسی) مقرر کرتا ہوں تا کہ وہ میری جگہ اور میری طرف سے کمپنی کے

سالانہ اجلاسِ عام جو بتاریخ 28 اکتوبر، 2021 کو منعقد ہو رہا ہے میں اور ان کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط: ـــــــــــــــ بروز/ بتاریخ ـــــــــــــــــــــ 2021

گواہان:

1	2
نام: ـــــــــــ	نام: ـــــــــــ
پتہ: ـــــــــــ	پتہ: ـــــــــــ
شناختی کارڈ نمبر: ـــــــــــ	شناختی کارڈ نمبر: ـــــــــــ
دستخط: ـــــــــــ	دستخط: ـــــــــــ

دستخط ۵ روپے
ریوینیو اسٹیمپ

نوٹ:

- وہ رُکن جسے یہ اجلاس یا اجلاس میں ووٹ کا حق حاصل ہے وہ کسی ناگزیر صورتحال میں اپنی جگہ کسی دوسرے (مخصوص) رُکن کو یہ حق دے سکتا ہے کہ وہ رُکن اُس کی پراکسی استعمال کرتے ہوئے، اُس کے بجائے اجلاس میں شریک ہوسکتا ہے، خطاب کرسکتا ہے یا ووٹ کا اندراج کرسکتا ہے۔
- پراکسی ثابت کرنے کے لئے اُسے اپنا اصل پاسپورٹ اور فولیو نمبر سے دکھانا لازمی ہے تا کہ اجلاس میں شرکت کی اجازت سے قبل اُس کی شناخت کی جاسکے۔
- مئوثر بنانے کے لئے، پراکسی فارم ہمارے رجسٹرار کے دفتر (ایم/ایس) سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ سی ڈی سی ہاؤس، B-99، ایس، ایم، سی، ایچ، ایس، شاہراہِ فیصل، کراچی، پاکستان، میں اجلاس سے کم از کم 48 گھنٹے قبل وصول ہونا لازمی ہے۔ فارم میں تمام مطلوبہ معلومات، رُکن کے دستخط اور مہر، نیز دو گواہان کی بنیادی معلومات یعنی نام پتے، دستخط اور شناختی کارڈ نمبر کا اندراج ضروری ہے۔
- انفرادی رُکن کی صورت میں اصل اونر اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک کرنا لازمی ہے۔
- پراکسی کے کارپوریٹ ہونے کی صورت میں بورڈ آف ڈائیریکٹر کی قرارداد، پاور آف اٹارنی، شناختی کارڈ اور پاسپورٹ کی تصدیق شدہ نقول، پراکسی فارم کے ساتھ منسلک کرنا ضروری ہے۔

Arif Habib Corp

Arif Habib Centre
23, M. T. Khan Road
Karach-74000
Tel: +02 21 32460717-19
Fax: +92 21 32468117, 32429653
Company website: www.arifhabibcorp.com
Group website: www.arifhabib.com.pk