

An aerial photograph of a rowing team in a long, narrow boat on a body of blue water. The team consists of five rowers, each with their own oar, and a coxswain at the stern. The boat is white and pointed at both ends. The water is a vibrant blue with whitecaps. The rowers are wearing various colored athletic gear: a striped tank top, a green tank top, a white t-shirt, a green t-shirt, and a white tank top. The oars are long and wooden, with black blades. The boat is moving forward, leaving a white wake behind it.

**TOGETHER  
WE ARE  
STRONGER**

ANNUAL REPORT 2022



Arif Habib Corp



# 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 business houses 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 15 billion as dividend (including specie dividend) and PKR 720 million by buying back two million shares (having face value of PKR 10 each) at a price of PKR 360 per share from its shareholders. Currently the Company's equity is PKR 23,834 million built through retained earnings. Thus, by 30<sup>th</sup> June 2022, the initial investors in the IPO of the Company, have had a compounded all annualised return of 25.71% (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

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

**2011**

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

Acquisition of  
Pakarab Fertilizers  
Limited

**2004**

**2005**

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

**2001**

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

**1994**



Achieved Financial Close for expansion of Aisha Steel and Power Cement

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

2017

Achieved COD of Aisha Steel's expansion

2019

Achieved COD of Power Cement's expansion

2020

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

2021

Acquisition of DH Fertilizers

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

2015

Establishment of Arif Habib Commodities (Pvt) Ltd

2012

Establishment of REIT Management Company

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

2009

Invested in Power Cement Limited

Acquisition of Javedan Cement Limited

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

2006

Became a joint venture partner in Aisha Steel Mills Limited

2007

Acquired stake in ICPL (Dolmen City)

2008

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# FORWARD LOOKING STATEMENTS

Statements in this report that are not historical facts are futuristic plans 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.

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# 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.

## OBJECTIVE

- 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

## Board of Directors

Asadullah Khawaja  
Chairman

Arif Habib  
Chief Executive Officer

Khawaja Jalaluddin Roomi  
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

Khawaja Jalaluddin Roomi  
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



# INFORMATION

## **Auditors**

A. F. Ferguson & 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](mailto:info@arifhaibcorp.com)  
Company website: [www.arifhabibcorp.com](http://www.arifhabibcorp.com)  
Group website: [www.arifhabib.com.pk](http://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](http://www.cdcrsl.com)  
Email: [info@cdcrsl.com](mailto: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 30<sup>th</sup> June 2022 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: 30<sup>th</sup> September 2022



# 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), Sachal Energy Development (Pvt.) Limited and Arif Habib Dolmen REIT Management Limited.

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 has been 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. He is currently a member of the Prime Minister's Task Force on attracting Foreign Direct Investment (FDI).

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

### Corporate Responsibilities

#### As Chairman

- Fatima Fertilizer Company Limited
- Fatimafert Limited
- Pakarab Fertilizers Limited
- Sachal Energy Development (Private) Limited

- Javedan Corporation Limited
- Aisha Steel Mills Limited
- Arif Habib Dolmen REIT Management Limited
- Arif Habib Development and Engineering Consultants (Private) Limited (formerly known as Arif Habib Real Estate Development Company (Private) Limited)
- Sapphire Bay Development Company Limited
- Arif Habib Foundation
- Naya Nazimabad Foundation
- Black Gold Power Limited
- Essa Textile and Commodities (Pvt.) Limited

#### As Director

- Arif Habib Equity (Private) Limited
- Arif Habib Consultancy (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
- Memon Health and Education Foundation
- Memon Education Board
- Pakistan Centre for Philanthropy





## **Khawaja Jalaluddin Roomi** **Independent Director**

Khawaja Jalaluddin Roomi is the Chairman of Masood Roomi - one of the most modern and vertically integrated textile setups exporting globally with professionals onboard in multi-faceted business domains comprising of Textiles, Trading, Real Estate Development & Agri Farms.

He is a Business Administration graduate with professional accreditations and certifications from Switzerland in the field of textiles and financial analytical expert from UK. His diversified professional experience, rich business portfolio and associations with various Government, Semi Government and Public Limited Companies such as former President of Chamber of Commerce and Industries of Multan & Dera Ghazi Khan, Caretaker Provincial Minister for Industries, Former Chairman of Multan Dry Port Trust, Former President of Multan Industrial Estate, Chairman of Board of Management of Multan Institute of Cardiology, Former Chairman Board of Management of Nishtar Medical College & Allied Hospitals Multan, Member Board of Governors - Combined Military Hospital Institute of Medical Sciences Multan, have helped them institutionalize pragmatic business solutions.

Besides serving on the boards of few corporate entities he is also actively involved in various philanthropic projects for the wellbeing of the society.

### **As Chairman**

- Masood Fabrics Ltd.
- Roomi Fabrics Ltd.
- Jalaluddin Roomi Foundation

### **As Director**

- Adamjee Insurance Company Limited
- Pakistan Textile Council
- Punjab Board of Investment and Trade





## **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. She served as President of Quetta Women's Chamber of Commerce 2020-21.

In 2021 Zeba partnered with "BETI" a social impact organization to increase outreach and service to women in the areas of empowerment and inclusion.

A portrait of Mr. Nasim Beg, a middle-aged man with dark hair and glasses, wearing a dark pinstripe suit, a white shirt, and a dark red tie. He is looking directly at the camera with a serious expression.

## 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 Dhabi 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
- 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**

Mr Samad Habib is the Chief Executive of Javedan Corporation Limited, owner of Naya Nazimabad. He has remained Chairman and Chief Executive Arif Habib Limited, a securities brokerage house, between the period 2004 to 2010.

At Naya Nazimabad, Mr. Samad Habib has worked towards making a positive impact on society providing a quality lifestyle to the middle income families of the city. He is now endeavoring to transform the area to become a self-contained community of tens of thousands of families with the largest residential and commercial precinct development within the city of Karachi.

#### **Corporate Responsibilities**

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

#### **As Chairman**

- NN Maintenance Company (Private) Limited

#### **As Director**

- Aisha Steel Mills Limited
- Arif Habib Dolmen REIT Management Limited
- Arif Habib Equity (Pvt.) Limited
- Arif Habib Foundation
- Arif Habib Development and Engineering Consultants (Private) Limited (formerly known as Arif Habib Real Estate Development Company (Private) Limited)
- Black Gold Power Limited
- Nooriabad Spinning Mills (Pvt.) Limited
- Memon Health and Education Foundation
- Pakarab Fertilizers Limited
- Pakistan Opportunities Limited
- Power Cement Limited
- Rotocast Engineering Company (Pvt.) Limited
- Sapphire Bay Development Company 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, Pakistan's pioneering REIT Management company. He has been associated with Arif Habib Group since 2008 and sits on the board of several group companies. He has spearheaded 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 has also served as a 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 Development and Engineering Consultants (Private) Limited (formerly known as Arif Habib Real Estate Development Company (Private) Limited)
- Sachal Energy Development (Pvt.) Limited
- Sapphire Bay Development Company Limited



A full-length portrait of Mr. Kashif A. Habib, a man with a dark beard and mustache, wearing a white kurta and a light brown vest. He is standing against a plain light background.

## Mr. Kashif A. Habib, ACA 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).

Mr. Kashif A. Habib is dedicated to improving the country's energy situation and is engaged with experts to make renewable energy a more feasible and accessible solution not just for industry but also the masses.

### Corporate Responsibilities

- Power Cement Limited (Chief Executive)

### As Director

- Aisha Steel Mills Limited
- Fatima Fertilizer Company Limited
- Javedan Corporation Limited
- MCB-Arif Habib Savings & Investments Limited Arif Habib Equity (Pvt.) Limited
- Alternates (Private) Limited
- Arif Habib Equity (Private) Limited
- Arif Habib Foundation
- Arif Habib Development and Engineering Consultants (Private) Limited (formerly known as Arif Habib Real Estate Development Company (Private) Limited)
- Black Gold Power Limited
- Essa Textile And Commodities (Private) Limited
- Fatimafert Limited
- Fatima Cement Limited
- Fatima Packaging Limited
- Nooriabad Spinning Mills (Pvt.) Limited
- Pakarab Fertilizers Limited
- Pakistan Opportunities Limited
- Rotocast Engineering Company (Pvt.) Limited
- Safemix Concrete Limited
- Siddqsons Energy Limited

# KEY MANAGEMENT



## **Mr. Mohsin Madni** Chief Financial Officer

Mohsin Madni is the Chief Financial Officer of Arif Habib Corporation Limited. He has been associated with Arif Habib Group for over 10 years and has worked in various finance roles across Arif Habib Group Companies.

He is a member of the Institute of Chartered Accountants of Pakistan (ICAP), Pakistan Institute of Public Finance Accountants (PIPFA) and Institute for Internal Controls, USA. He also holds a Master's Degree in Economics & Finance.

Prior to joining Arif Habib Group, he was associated with KPMG Taseer Hadi & Co., Chartered Accountants, where he gained experience in 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**

# 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 30<sup>th</sup> June 2022 together with auditors' report thereon.

## PRINCIPAL ACTIVITIES

AHCL is the holding company of Arif Habib Group, having diversified businesses consisting mainly of fertilisers, financial services, and energy. AHCL is also invested in cement, steel, real estate and other listed securities.

## THE ECONOMY

The year under review, particularly the second half, was challenging for Pakistan's economy which faced high Current Account Deficit and inflation mainly due to commodities super-cycle fuelled by Russia-Ukraine war. This caused a sharp decline in value of rupee and rising interest rates. The growth in GDP, exports, remittances and FBR revenue was satisfactory but the Government delaying in meeting IMF conditions mainly in respect of withdrawing various subsidies resulting in high fiscal deficit in FY-2022. Budget for FY-2023 contained sharp increase in taxation of formal corporate sector whereas no efforts were made to widen the tax net. These factors are responsible for dampening business sentiments and decline in corporate profitability in last quarter of the financial year under review.

## FINANCIAL RESULTS

During the financial year, the Company posted a consolidated profit-after-tax (attributable to equity holders of the Parent Company) of PKR 3.47 billion as opposed to PKR 7.49 billion during last year. This translates to an earning of PKR 8.50 per share as compared with an earning of PKR 18.33 per share last year.

On unconsolidated basis, the Company has recorded a profit-after-tax of PKR 3.76 billion as compared with profit-after-tax of PKR 3.87

billion in 2020-21. This translates to earnings-per-share of PKR 9.20 as compared with earnings-per-share of PKR 9.49 per share recorded in the previous year. Quality of income of your Company has improved significantly on the back of substantial dividend income and realised capital gains.

The Board has recommended declaration of a final Cash Dividend for the year ended 30<sup>th</sup> June 2022 at PKR 4.00 per share i.e. 40%. This entitlement shall be available to those shareholders whose names appear on the shareholders' register at the close of business on 21<sup>st</sup> October 2022.

## PERFORMANCE OF SUBSIDIARIES AND ASSOCIATES

Despite prevailing challenges, FY-2022 has proven to be a satisfactory 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.

## 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).

FATIMA, on a consolidated basis, generated net profit after tax of PKR 15.02 billion from July 2021 to June 2022 even after provision of super tax amounting to PKR 4.31 billion as compared to net profit after tax of PKR 15.43 billion from July 2020 to June 2021. Your Company has earned PKR 1,116.5 million in the form of dividends from fertiliser business as compared to dividends amounting to PKR 797.5 million received in the last year.



## FINANCIAL SERVICES

KSE-100 Index has had a challenging year shedding 12.28% to close at 41,541 points with a decline of 54% in traded values. Despite that your Company's brokerage house, Arif Habib Limited (AHL) performed well posting an after-tax profit of PKR 826.55 million as compared to PKR 2,084 million last year.

Asset management company, MCB-Arif Habib Savings and Investments Limited's (MCBAH) has posted an after-tax profit of PKR 173.36 million as compared to PKR 376.43 million recorded last year, while Assets Under Management grew by 21%.

Your Company has received PKR 515.36 million in the form of dividend from financial services associates as compared to PKR 200.60 million received in the last year.

## WIND POWER

Your company's wind power project, Sachal Energy Development (Pvt.) Limited (SEDPL) is continuously supplying clean energy to the national grid with Plant's availability factor of more than 99% since its COD. SEDPL has recorded an after tax profit of PKR 1.96 billion in the current year as compared to PKR 1.86 billion in the last year. SEDPL has announced a dividend of PKR 800 million each for FY21 and FY22, which is subject to consent from its lender.

## REAL ESTATE

Your Company's investment in real estate includes Javedan Corporation Limited (JCL) and newly registered Silk Islamic Developmental REIT and Pakistan Corporate CBD REIT.

JCL has recorded a profit after tax of PKR 1,505 million for the current year as compared to PKR 331 million in the last year. JCL has also declared a dividend of PKR 4.00 for the financial year 2022.

We expect the REIT schemes to be lucrative, generating attractive dividend yields going forward.

## STEEL

Aisha Steel Mills Limited's profit after tax during the year was recorded at PKR 1,146 million as compared to PKR 6,368 million in the last year. The decline in profitability is mainly attributable to

declining trend in international HRC prices resulted in inventory losses and reduction in local demand. In addition to receiving ordinary shares against preferential dividend, AHCL has received a cash dividend of PKR 58.14 million in the financial year under review from Aisha Steel Mills.

## FUTURE OUTLOOK

With high interest rates, taxation rates and inflation along with falling value of rupee has created very challenging business environments at the beginning of the new financial year. Heavy rains and floods in large parts of Pakistan between July 2022 and September 2022 has inflicted huge losses to the economy of Pakistan and corporate profitability at the start of new financial year. Though, IMF Programme is back on track, sentiment is very weak and it is expected to take some time to come out of this challenging period.

Your Company's diversified portfolio provides a buffer against economic headwinds. Fertilisers, wind power and real estate businesses are expected to show resilience whereas financial services, steel and cement are expected to suffer. On an overall basis, the Company is expected to perform satisfactorily in short and medium term.

## 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 # 34** 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.

Our sustained economic performance and our capacity to create and distribute value to our stakeholders depend heavily on our human capital.

We believe that investment in our employees will ultimately result in a stronger and more effective workforce. Our long-term success comes from the performance and continuous improvement of our employees.

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 72.

## **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.

## **COMPOSITION OF BOARD / COMMITTEES**

Out of the total eight Directors, seven Directors are male whereas one Director is female. The composition of existing Board of Directors and its Committees is as follows

Board of Directors	Category	Audit Committee	Human Resource & Remuneration Committee	Investments & Risk Management Committee (Previously Investments & Projects Diversification Committee)	Nomination Committee (Constituted post-election Sep-22)
Khawaja Jalaluddin Roomi (New director elected in Sep-22)	Independent	Chairman	-	-	-
Ms. Zeba Bakhtiar		-	Chairperson	-	-
Mr. Asadullah Khawaja (Chairman)	Non-Executive	-	-	-	-
Mr. Nasim Beg		-	Member	Member	-
Mr. Samad A. Habib		-	-	Member	Member
Mr. Kashif A. Habib		Member	Member	Member	-
Mr. Muhammad Ejaz		Member	-	-	-
Mr. Arif Habib (Chief Executive)	Executive	-	Member	Chairman	Chairman
Mr. Sirajuddin Cassim (Retired in Sep-22 on completion of term)	Independent	(Remained Chairman in 2021-22)	(Remained Chairman in 2021-22)	-	-

## CHANGES IN BOARD COMPOSITION AND ELECTION OF DIRECTORS

In accordance with the provisions of Section 161 of the Companies Act, 2017, the three years term of the eight directors elected in the Extra Ordinary General Meeting held on 21<sup>st</sup> September 2019 was completed on 21<sup>st</sup> September 2022. Eight (8) number of contestants have offered themselves for elections in accordance with section 159(3) of the Companies Act, 2017, which was equal to the number fixed by the board in terms of Section 159(1) of the Companies Act, 2017. Election of the existing eight directors has been confirmed and approved by the shareholders in their Extraordinary General Meeting held on 21<sup>st</sup> September 2022 for a three years term, which will be completed in September 2025. Except for Mr. Sirajuddin Cassim, who did not contest in the elections held on 21<sup>st</sup> September 2022, all the pre-election directors were re-elected. Khawaja Jalaluddin Roomi is the newly elected director. No casual vacancy occurred during the financial year ended 30<sup>th</sup> June 2022.

## 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 # 30 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 3,176 shareholders of the Company as of 30<sup>th</sup> June 2022. 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.

## 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 and form of shares and nature of transaction within 7 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 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.

## FINANCIAL AND BUSINESS HIGHLIGHTS

The key operating and financial data has been given in summarized form under the caption "Financial & Business Highlights – Six years at a glance" on Page 64.

## INVESTMENT IN RETIREMENT BENEFITS

The value of investment made by the staff Provident Fund operated by the Company as per their respective audited financial statements as of 30<sup>th</sup> June 2022 amounts to PKR 46.55 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.

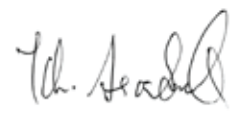
## AUDITORS

The present external auditors M/s. A. F. Ferguson & Co., Chartered Accountants, shall retire at the conclusion of Annual General Meeting on 28<sup>th</sup> October 2022 and being eligible, have offered themselves for reappointment for the year ending on 30<sup>th</sup> June 2023. The external auditors hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. As suggested by the Audit Committee, the Board recommends reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants, as auditors of the Company for the financial year ending on 30<sup>th</sup> June 2023 at a fee to be mutually agreed. Approval to this effect will be sought from the shareholders at the forthcoming Annual General Meeting scheduled on 28<sup>th</sup> October 2022.

## For and on behalf of the Board



Mr. Arif Habib  
Chief Executive



Mr. Asadullah Khawaja  
Chairman

## 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 have been duly complied with.

## 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 # 37 of the annexed audited 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.



# ANNEXURE I

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

From 1<sup>st</sup> July 2021 to 30<sup>th</sup> June 2022

Name	Designation	Shares bought	Shares sold	Remarks
Mr. Asadullah Khawaja	Chairman	-	-	-
Mr. Arif Habib	Chief Executive	-	-	-
Mr. Sirajuddin Cassim	Director	-	-	-
Mr. Nasim Beg	Director	-	23,000	-
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)	-	-	-
Mr. Mohsin Madni	CFO	-	-	-
Mr. Manzoor Raza	Company Secretary	-	-	-
Mr. Razi Haider	Head of Internal Audit	-	-	-
Mrs. Lubna Khawaja	Spouse of Mr. Asadullah Khawaja	-	-	-
Minor children	-	-	-	-

# ANNEXURE II

Statement showing attendance at Board Meetings

From 1<sup>st</sup> July 2021 to 30<sup>th</sup> June 2022

Name of Director	Designation	Total	Eligible	Attended	Leaves	Remarks
Mr. Arif Habib	Chief Executive	4	4	4	-	-
Mr. Asadullah Khawaja	Chairman	4	4	4	-	-
Mr. Sirajuddin Cassim	Director	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	3	1	-
Mr. Muhammad Ejaz	Director	4	4	3	1	-
Ms. Zeba Bakhtiar	Director	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

Name of Director	Designation	Total	Eligible	Attended	Leaves	Remarks
Mr. Sirajuddin Cassim	Chairman	4	4	4	-	-
Mr. Kashif A. Habib	Director	4	4	2	2	-
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.

Name of Director	Designation	Total	Eligible	Attended	Leaves	Remarks
Mr. Sirajuddin Cassim	Chairman	3	3	3	-	-
Mr. Arif Habib	Chief Executive	3	3	3	-	-
Mr. Nasim Beg	Director	3	3	3	-	-
Mr. Kashif A. Habib	Director	3	3	3	-	-

### Investments & Risk Management Committee (IRMC)

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

Name of Director	Designation	Total	Eligible	Attended	Leaves	Remarks
Mr. Arif Habib	Chief Executive	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	-	-

## **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 30<sup>th</sup> June 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	13	329,280,461	80.63
Associated Companies, undertakings and related parties	5	15,589,134	3.82
NIT & ICP	1	724,292	0.18
Banks Development Financial Institutions, Non Banking Financial Financial Institutions.	3	307,606	0.08
Insurance Companies	3	3,575,889	0.88
Modarabas and Mutual Funds	-	-	-
General Public - Local	3,082	32,442,420	7.94
General Public - Foreign	4	2,029	0.00
Others	65	26,453,169	6.48
<b>Total</b>	<b>3,176</b>	<b>408,375,000</b>	<b>100.00</b>

# PATTERN OF SHAREHOLDING

## (SYMBOL : AHCL)

Categories of Shareholders as at 30<sup>th</sup> June 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
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
Muhammad Kashif	1	35,290	0.01
Nasim Beg / Zari Beg	2	2,078	0.00
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
<b>Associated Companies, undertakings and related parties</b>			
Sharmin Shahid	1	8,673,000	2.12
Nida Ahsan	1	6,786,074	1.66
Tasnim Beg	1	105,000	0.03
Abdul Rahim Khawaja	1	25,000	0.01
Muhammad Shahzad	1	60	0.00
<b>NIT &amp; ICP</b>	1	724,292	0.18
<b>Banks Development Financial Institutions, Non Banking Financial Financial Institutions.</b>	3	307,606	0.08
<b>Insurance Companies</b>	3	3,575,889	0.88
<b>Modarabas and Mutual Funds</b>	-	-	-
<b>General Public</b>			
a. Local	3,082	32,442,420	7.94
b. Foreign	4	2,029	0.00
<b>Others</b>	65	26,453,169	6.48
<b>Total</b>	<b>3,176</b>	<b>408,375,000</b>	<b>100.00</b>

### Shareholders holding 10% or more

Muhammad Arif Habib

### Shares Held Percentage

328,920,967 80.54

# PATTERN OF SHAREHOLDING

## (SYMBOL : AHCL)

As of June 30, 2022

No. of Shareholders	Share holdings' Slab			Total Shares Held
728	1	to	100	18,265
685	101	to	500	207,467
454	501	to	1,000	358,209
814	1,001	to	5,000	1,942,079
187	5,001	to	10,000	1,383,790
85	10,001	to	15,000	1,054,393
196	15,001	to	500,000	14,114,388
22	500,001	to	6,000,000	38,585,712
2	600,0001	to	8,000,000	13,116,730
1	800,0001	to	10,000,000	8,673,000
1	10,000,001	to	100,000,000	76,750,967
1	100,000,001	to	252,170,000	252,170,000
<b>3,176</b>				<b>408,375,000</b>



# **GROUP & ASSOCIATED COMPANIES**





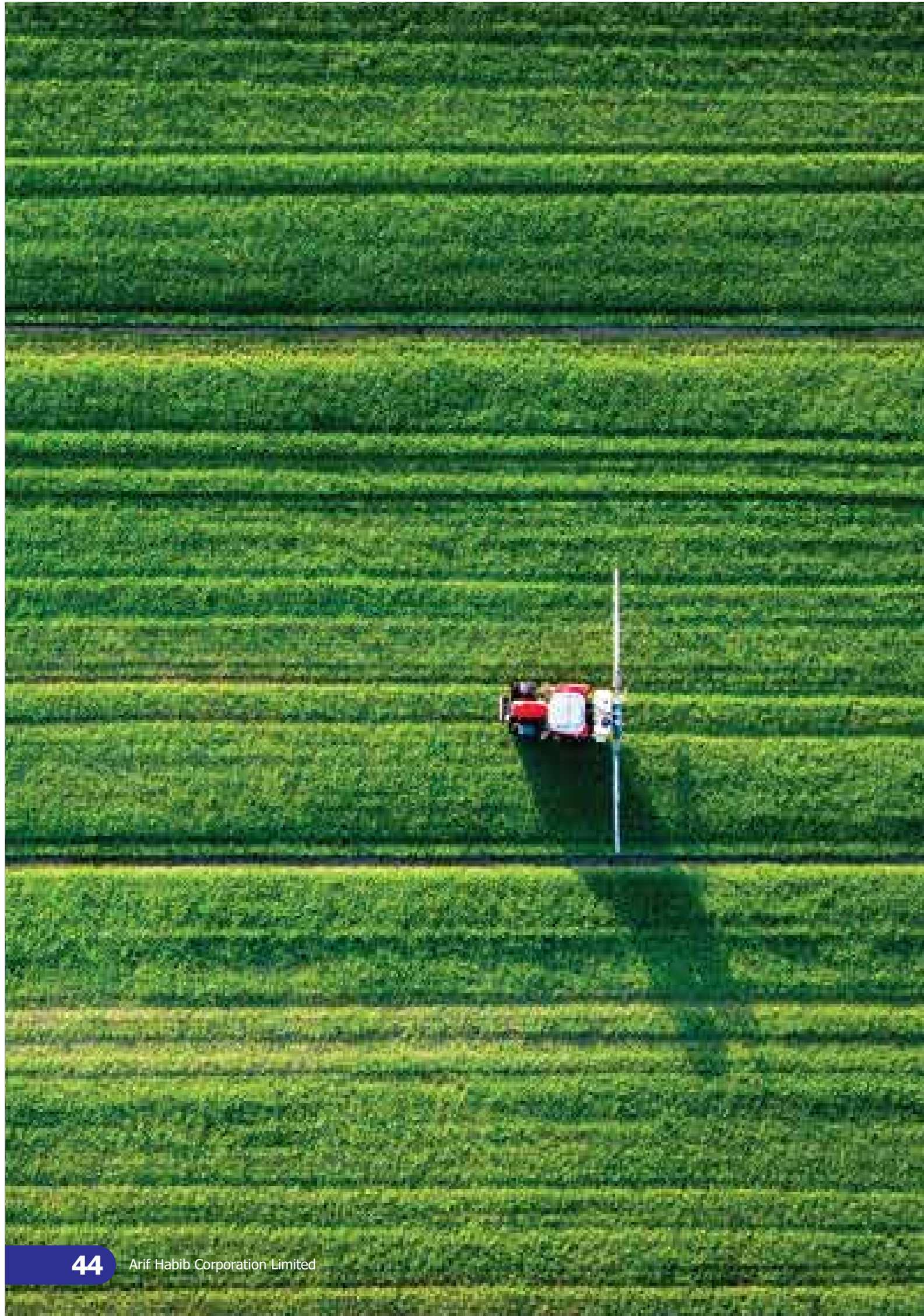


# PAKARAB

**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 fertilisers. 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.



# MANUFACTURING

**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 Asiamoney, The Asset, Finance Asia, CFA Society, SAFE, Financial Market Association of Pakistan and others over the years. Central Depository Company of Pakistan (CDC) has bestowed the "Top Brokerage House for Opening Roshan Digital Accounts" to the Company and AHL is also eight times recipient of Pakistan Stock Exchange's (PSX) "Top 25 Companies Award".

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.





# MCBAH

**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<sup>th</sup> June 2022, it had PKR 187 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 it is 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 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.









**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 produces Cold Rolled and Hot Dipped Galvanized coils. The nameplate rolling capacity is 850,000 metric tons. The plant is equipped with state of the art equipment acquired from top manufacturers from Germany, Japan, Austria and China.

Currently, it is one of the leading suppliers of Cold Rolled Annealed and Galvanized Coils in the local market. It is also exporting to America, Europe, Canada, South Africa and middle-eastern countries.







ARIF HABIB DOLMEN  
REIT MANAGEMENT LIMITED

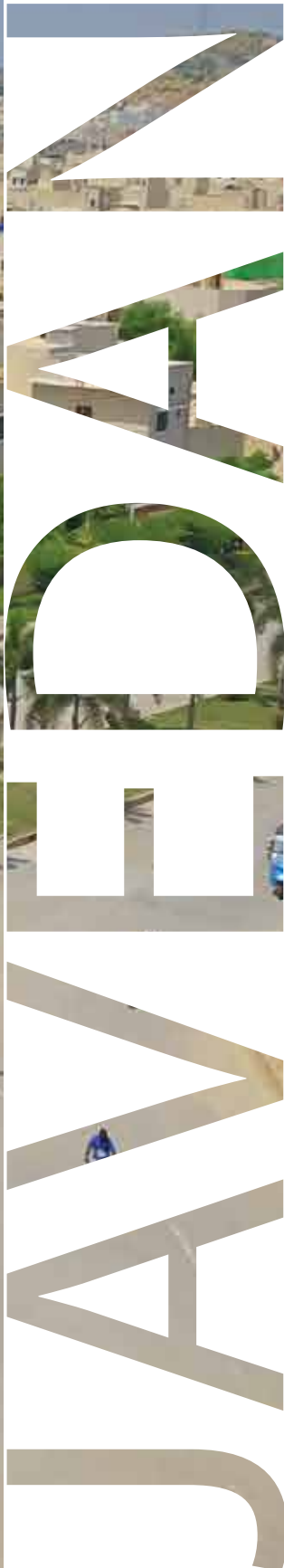
**Arif Habib Dolmen REIT Management Limited (AHDRML); a joint venture between the Arif Habib Group and the Dolmen Group, was incorporated as a public limited (non-listed) company in 2009 and is registered under NBFC Rules with the Securities and Exchange Commission of Pakistan (SECP).**

The objective of the company is to provide 360 degree real estate solution to its clients including Research, Advisory and to 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 and since then has registered 7 Developmental and one more Rental REIT.

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.







**Javedan Corporation Limited is the owner of the housing project, Naya Nazimabad.**

Naya Nazimabad over the period has become a masterpiece in the centre of city and has provided an unmatched lifestyle to its residents. Naya Nazimabad has plans to contribute for the upliftment of surrounding areas and community.

Being the only completely owned real estate development of its time, the design includes a host of amenities and recreation facilities for residents and visitors. It has quick become a coveted address.

With the number of residents moving into their new homes growing on a daily basis, and a large number of houses under construction and approval stages Naya Nazimabad has transformed from a developing area to bustling community enjoying the enhanced standard of living offered nowhere else within the thickly populated city area. To facilitate the commute of its residents, a 1.6-kilometer-long Flyover has begun construction from Sakhi Hassan to Naya Nazimabad gate.

An apartment project under the developmental REIT model was launched near the end of 2021 to a tremendous response with new apartment projects and commercial site planned in the pipeline to be launched soon. Naya Nazimabad Gymkhana's construction is also at finishing stage and membership has been opened for subscription.



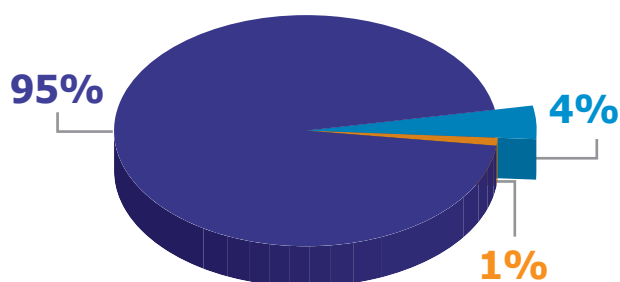
# FINANCIAL HIGHLIGHTS





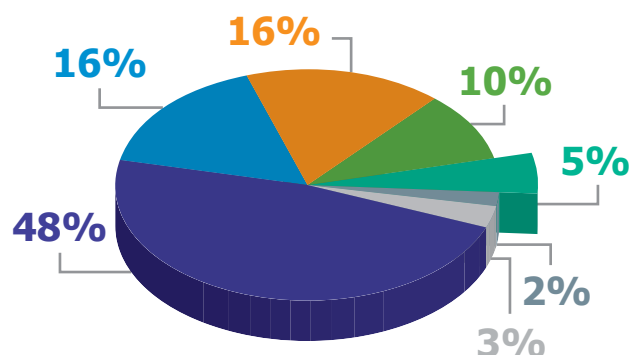
# AHCL 2022 AT A GLANCE

## Revenue



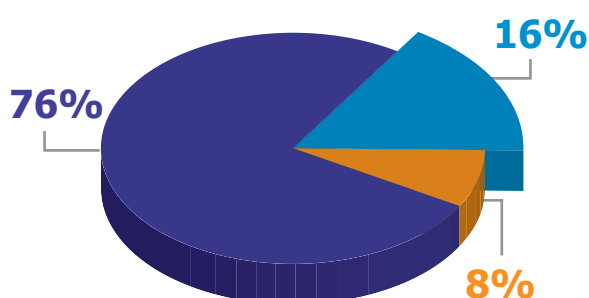
- Dividend
- Mark-up on loans and advances
- Others

## Administrative Expenses



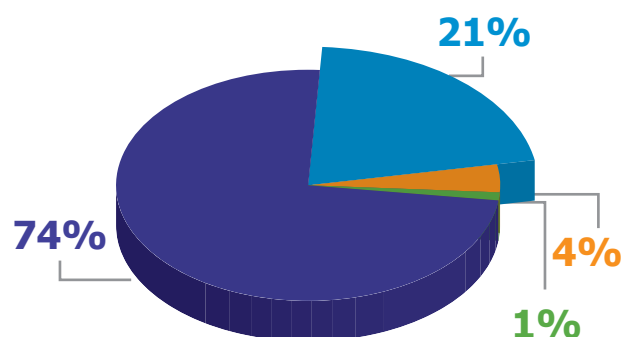
- Salaries and benefits
- Depreciation
- Others
- Utilities, repairs & maintenances
- Travelling and conveyance
- Legal and professional charges
- Fees and subscription

## Equity and Liabilities



- Reserves
- Paid-up capital
- Liabilities

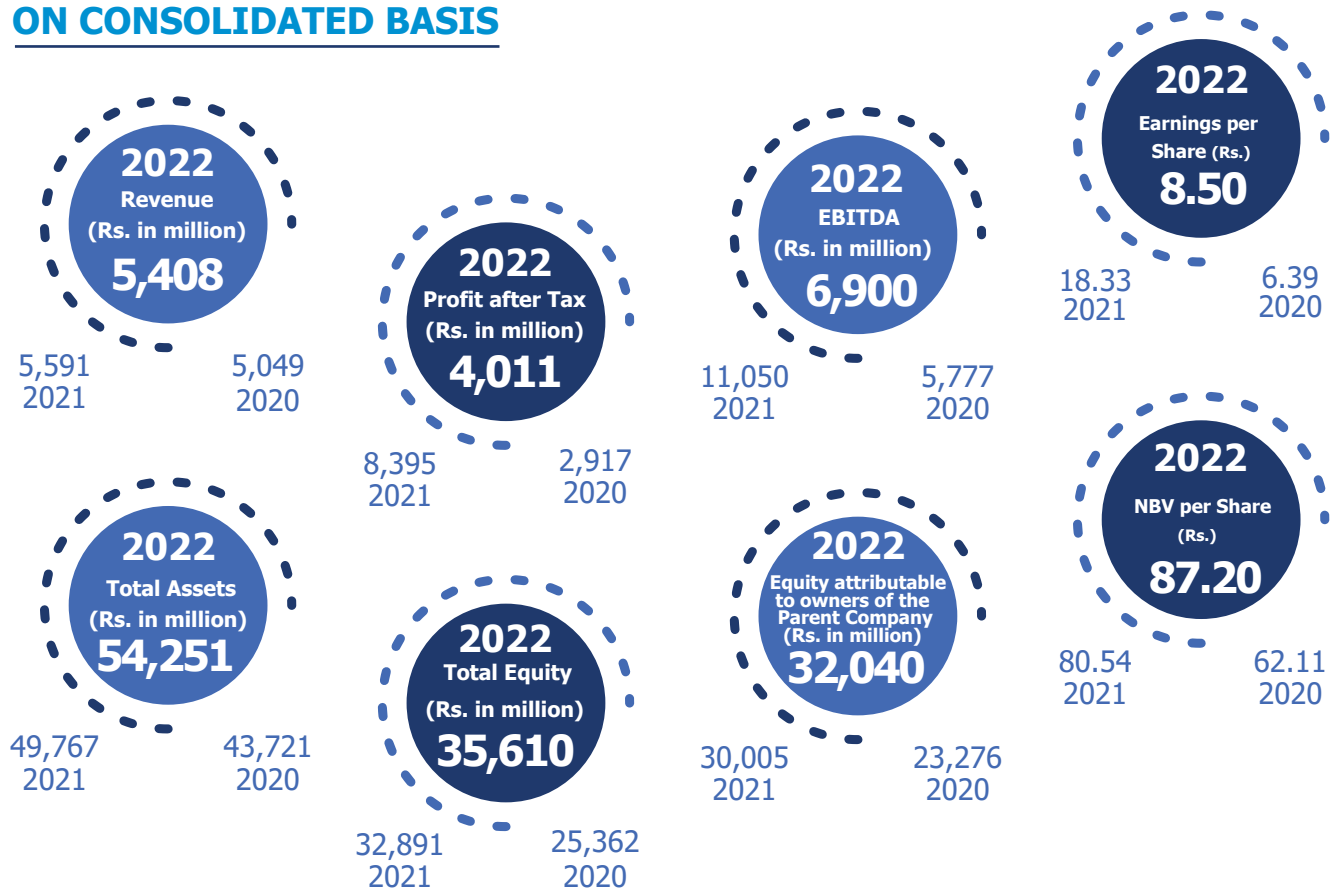
## Assets



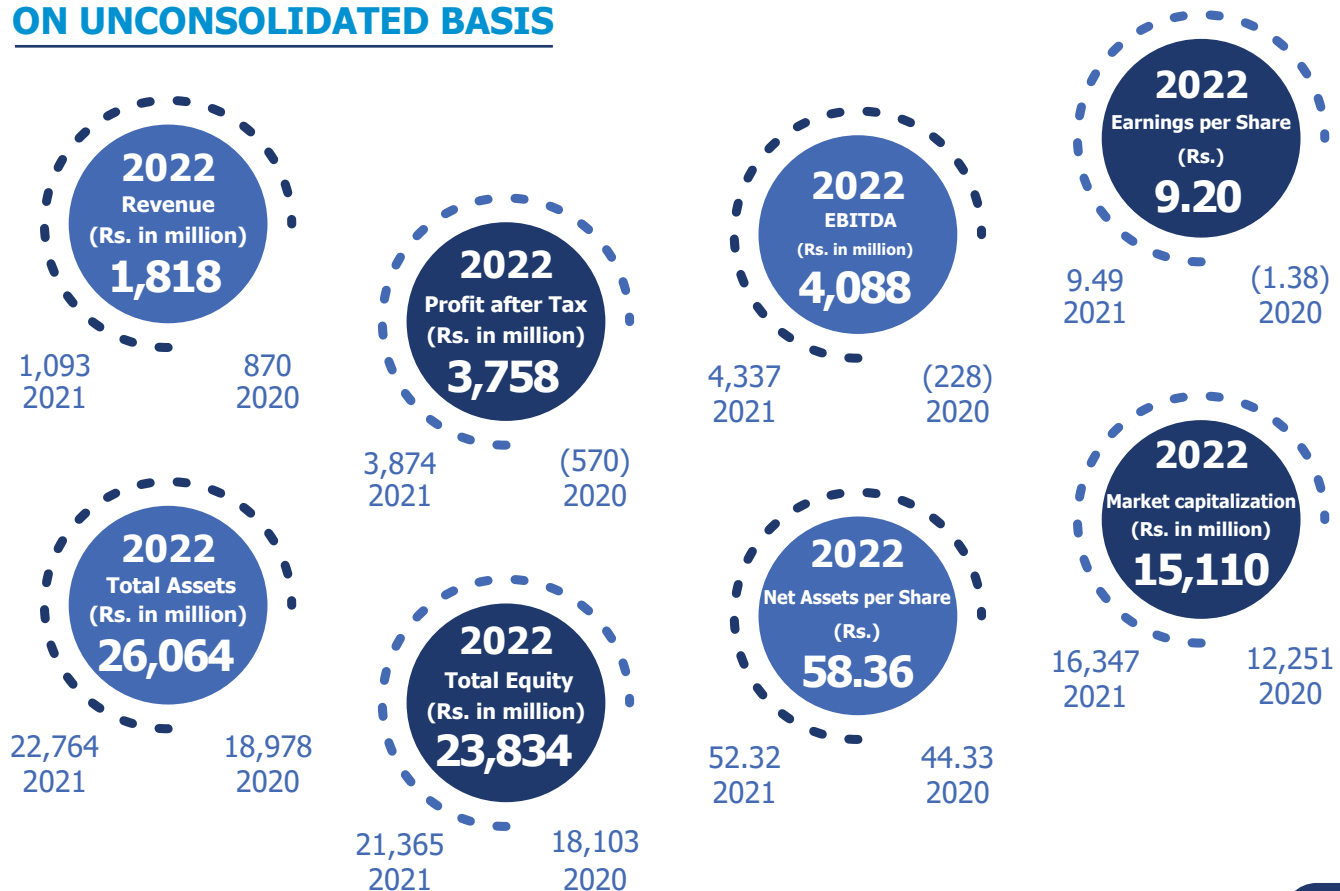
- Long term investments
- Short term investments
- Loan and advances
- Other assets

# KEY FIGURES & HIGHLIGHTS

## ON CONSOLIDATED BASIS



## ON UNCONSOLIDATED BASIS



# FINANCIAL & BUSINESS HIGHLIGHTS

Six Years at a Glance

Year ended 30 <sup>th</sup> June	2022	2021	2020	2019	2018	2017
<b>Profit and Loss Account (Rs. in million)</b>						
Revenue	<b>1,818.28</b>	1,093.22	870.42	1,033.86	1,409.39	1,483.00
Realised and unrealised gain / (loss) on investments	<b>2,367.66</b>	3,393.58	(1,001.07)	(1,657.28)	(237.14)	801.77
Operating & administrative expenses and other charges	<b>(120.48)</b>	(170.61)	(115.51)	(126.57)	(118.03)	(144.25)
Other income	<b>2.57</b>	0.97	0.19	20.25	10.35	388.81
Finance cost	<b>(77.13)</b>	(20.63)	(195.85)	(172.04)	(116.46)	(148.34)
Operating profit	<b>4,065.46</b>	4,316.20	(246.16)	(749.99)	1,054.22	2,140.52
Profit before tax	<b>3,990.90</b>	4,296.54	(441.81)	(901.79)	948.12	2,381.00
Profit after tax	<b>3,757.72</b>	3,874.06	(569.88)	(963.84)	820.99	2,391.37
EBITDA	<b>4,087.52</b>	4,336.90	(227.81)	(724.29)	1,071.13	2,537.26
<b>Balance Sheet (Rs. in million)</b>						
Share capital	<b>4,083.75</b>	4,083.75	4,083.75	4,537.50	4,537.50	4,537.50
Reserves	<b>19,749.97</b>	17,280.79	14,019.29	15,340.45	25,365.96	25,931.98
Property and equipment	<b>37.43</b>	61.04	61.59	25.27	30.32	36.59
Long term investments	<b>19,184.75</b>	16,321.39	15,325.67	16,403.15	27,572.49	28,128.15
Current assets	<b>6,729.57</b>	6,243.04	3,453.26	10,114.25	11,158.05	7,574.49
Current liabilities	<b>2,097.37</b>	1,140.57	759.12	6,830.62	6,363.88	4,374.72
Non-Current liabilities	<b>132.73</b>	258.90	115.86	-	2,678.37	2,890.81
Total assets	<b>26,063.82</b>	22,764.01	18,978.03	26,708.57	38,945.71	37,735.01
Total liabilities	<b>2,230.10</b>	1,399.47	874.99	6,830.62	9,042.24	7,265.53
<b>Performance</b>						
Return on equity (%)	<b>16.63%</b>	19.63%	-3.00%	-3.87%	2.72%	8.03%
Return on Assets (%)	<b>15.39%</b>	18.56%	-2.49%	-2.94%	2.14%	6.42%
Return on capital employed (%)	<b>16.97%</b>	19.97%	-1.35%	-3.67%	3.27%	7.58%
Income/ expense ratio (x)	<b>34.73</b>	26.30	(1.13)	(4.93)	9.93	10.28
Earning Asset/Total Asset Ratio (%)	<b>99.59%</b>	99.59%	96.14%	99.57%	99.79%	99.35%
Break-up value (PKR)	<b>58.36</b>	52.32	44.33	43.81	65.90	67.15
<b>Leverage</b>						
Total liabilities to equity ratio (%)	<b>9.36%</b>	6.55%	4.83%	34.36%	30.24%	23.85%
Cost of debt (%)	<b>10.07%</b>	9.00%	14.47%	9.34%	8.08%	10.18%
Long term debt to equity ratio (%)	<b>0.56%</b>	1.21%	0.64%	-	1.09%	1.49%
Interest cover ratio (x)	<b>52.74</b>	209.29	(1.26)	(4.24)	9.14	17.05

## Year ended 30<sup>th</sup> June

**2022**
**2021**
**2020**
**2019**
**2018**
**2017**

### Liquidity

Current ratio (x)	<b>3.21</b>	5.47	4.55	1.48	1.75	1.73
Cash to current liabilities (%)	<b>1.96%</b>	25.96%	4.64%	6.25%	0.70%	0.89%

### Valuation

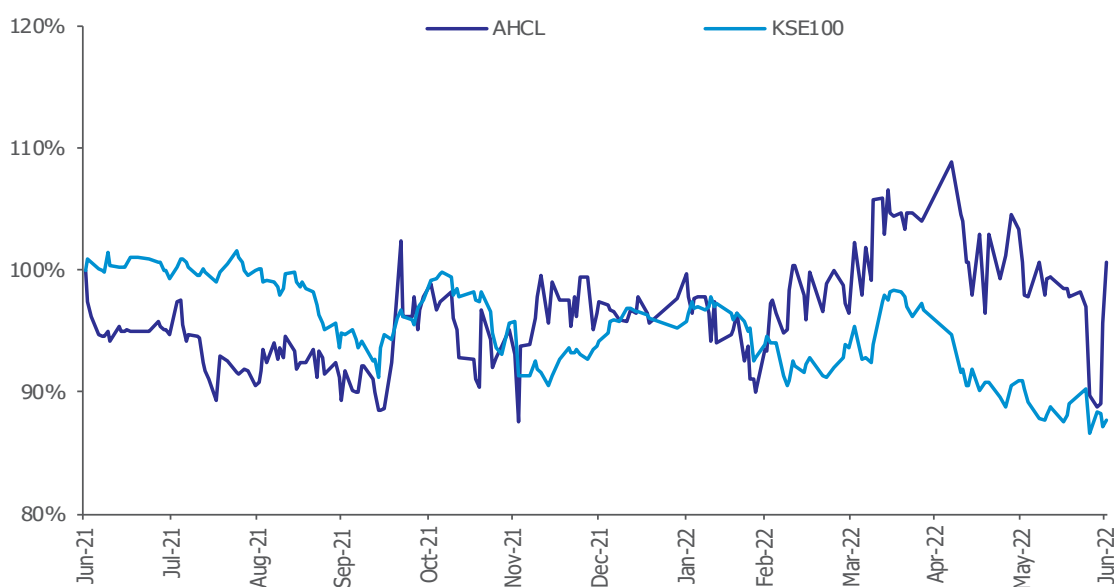
Price earning ratio (x)	<b>4.02</b>	4.22	(21.75)	(11.63)	19.15	7.82
Break-up value per share (PKR)	<b>58.36</b>	52.32	44.33	43.81	65.90	67.15
Cash dividend per share (PKR)	<b>*4.00</b>	3.00	1.50	-	2.00	3.00
Dividend Declared (%)	<b>*40.00%</b>	30.00%	15.00%	0.00%	20.00%	30.00%
Dividend yield (%)	<b>11%</b>	7.49%	5.00%	0.00%	5.77%	7.28%
Dividend payout ratio (%)	<b>43.5%</b>	31.62%	(107%)	0.00%	110.54%	56.92%
Dividend cover ratio (x)	<b>2.30</b>	3.16	(0.93)	-	0.90	1.76
Market value per share (end of year) (PKR)	<b>37.00</b>	40.03	30.00	24.71	34.64	41.23
High (during the year) (PKR)	<b>41.20</b>	46.62	36.25	37.80	41.99	49.70
Low (during the year) (PKR)	<b>31.75</b>	29.11	19.01	18.52	31.36	35.74
Earnings Per Share (PKR)	<b>9.20</b>	9.49	(1.38)	(2.12)	1.81	5.27

\*Proposed

### Shareholders' Return

Arif Habib Corporation Limited - annual total return (%)	<b>-7.57%</b>	38.30%	21.41%	-23.50%	-5.51%	11.28%
Karachi Stock Exchange 100 Index - annual return (%)	<b>-12.30%</b>	37.60%	1.53%	-19.10%	-6.17%	22.90%
Shareholders' return differential: AHSL-KSE-100 Index (%)	<b>4.73%</b>	0.70%	19.88%	-4.40%	0.66%	-11.62%

### Graph for the year ended on 30<sup>th</sup> June 2022



# HORIZONTAL ANALYSIS OF FINANCIAL STATEMENTS

	2022 Rupees in million	%▲YoY 2022-21	2021 Rupees in million	%▲YoY 2021-20	2020 Rupees in million	%▲YoY 2020-19
<b>Balance Sheet</b>						
Total equity	23,833.72	11.56	21,364.54	18.02	18,103.04	(8.93)
Total non-current liabilities	132.73	(48.73)	258.90	123.45	115.86	100.00
Total current liabilities	2,097.37	83.89	1,140.57	50.25	759.12	(88.89)
Total equity and liabilities	26,063.82	14.50	22,764.01	19.95	18,978.03	(28.94)
Total non-current assets	19,334.25	17.03	16,520.97	6.42	15,524.77	(6.45)
Total current assets	6,729.57	7.79	6,243.04	80.79	3,453.26	(65.86)
Total assets	26,063.82	14.50	22,764.01	19.95	18,978.03	(28.94)
<b>Profit and Loss Account</b>						
Revenue	1,818.28	66.32	1,093.22	25.60	870.42	(15.81)
Gain / (loss) on sale of securities - net	637.75	211.56	204.62	(68.34)	646.38	910.80
Gain / (loss) on remeasurement of investments - net	1,730.21	(45.74)	3,188.97	(293.57)	(1,647.45)	(4.29)
Unrealised gain on remeasurement of investment property	-	-	-	-	-	-
Administrative expenses	(120.44)	0.29	(120.14)	4.25	(115.25)	12.44
Other incomes / (charges) - net	2.53	(105.11)	(49.50)	74,318.28	(0.07)	(98.26)
Finance cost	(77.13)	273.92	(20.63)	(89.47)	(195.85)	13.84
Profit / (loss) before tax	3,990.90	(7.11)	4,296.54	(1,072.48)	(441.81)	(51.01)
Taxation	(233.18)	(44.81)	(422.48)	229.90	(128.06)	106.38
Profit / (loss) after tax	3,757.72	(3.00)	3,874.06	(779.81)	(569.88)	(40.87)



	<b>2019</b>	<b>%▲YoY</b>	<b>2018</b>	<b>%▲YoY</b>	<b>2017</b>	<b>%▲YoY</b>
	<b>Rupees in</b>	<b>2019-18</b>	<b>Rupees in</b>	<b>2018-17</b>	<b>Rupees in</b>	<b>2017-16</b>
	<b>million</b>		<b>million</b>		<b>million</b>	
<b>Balance Sheet</b>						
Total equity	19,877.95	(33.53)	29,903.46	(1.86)	30,469.48	4.84
Total non-current liabilities	-	(100.00)	2,678.37	(7.35)	2,890.81	4.30
Total current liabilities	6,830.62	7.33	6,363.88	45.47	4,374.72	(11.26)
Total equity and liabilities	26,708.57	(31.42)	38,945.71	3.21	37,735.01	2.64
Total non-current assets	16,594.31	(40.28)	27,787.66	(7.87)	30,160.52	(1.12)
Total current assets	10,114.25	(9.35)	11,158.05	47.31	7,574.49	20.96
Total assets	26,708.57	(31.42)	38,945.71	3.21	37,735.01	2.64

#### Profit and Loss Account

Revenue	1,033.86	(26.65)	1,409.39	(4.96)	1,483.00	164.64
Gain on sale of securities - net	63.95	18.25	54.08	(92.46)	717.13	(53.18)
Gain / (loss) on remeasurement of investments - net	(1,721.23)	491.04	(291.22)	11.16	(261.98)	(56.41)
Unrealised gain on remeasurement of investment property	-	-	-	(100.00)	346.62	100.00
Administrative expenses	(102.49)	(3.50)	(106.21)	(9.01)	(116.73)	(0.24)
Other incomes / (charges) - net	(3.83)	162.38	(1.46)	(100.40)	361.29	(2,822.49)
Finance cost	(172.04)	47.73	(116.46)	(21.49)	(148.34)	(46.58)
Profit / (loss) before tax	(901.79)	(195.11)	948.12	(60.18)	2,381.00	51.82
Taxation	(62.05)	(51.19)	(127.13)	(1,326.04)	10.37	(103.61)
Profit / (loss) after tax	(963.84)	(217.40)	820.99	(65.67)	2,391.37	57.65

# VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

	2022	%ΔYoY 2022-21	2021	%ΔYoY 2021-20	2020	%ΔYoY 2020-19
	Rupees in million		Rupees in million		Rupees in million	
<b>Balance Sheet</b>						
Total equity	23,833.72	91.44	21,364.54	93.85	18,103.04	95.39
Total non-current liabilities	132.73	0.51	258.90	1.14	115.86	0.61
Total current liabilities	2,097.37	8.05	1,140.57	5.01	759.12	4.00
Total equity and liabilities	26,063.82	100.00	22,764.01	100.00	18,978.03	100.00
Total non-current assets	19,334.25	74.18	16,520.97	72.57	15,524.77	81.80
Total current assets	6,729.57	25.82	6,243.04	27.43	3,453.26	18.20
Total assets	26,063.82	100.00	22,764.01	100.00	18,978.03	100.00
<b>Profit and Loss Account</b>						
Revenue	1,818.28	100.00	1,093.22	100.00	870.42	100.00
Gain / (loss) on sale of securities - net	637.45	35.06	204.62	18.72	646.38	74.26
Gain / (loss) on remeasurement of investments - net	1,730.21	95.16	3,188.97	291.70	(1,647.45)	(189.27)
Unrealised gain on remeasurement of investment property	-	-	-	-	-	-
Operating and administrative expenses	(120.44)	(6.62)	(120.14)	(10.99)	(115.25)	(13.24)
Other incomes / (charges) - net	2.53	0.14	(49.50)	(4.53)	(0.07)	(0.01)
Finance cost	(77.13)	(4.24)	(20.63)	(1.89)	(195.85)	(22.50)
Profit / (loss) before tax	3,990.90	219.49	4,296.54	393.02	(441.81)	(50.76)
Taxation	(233.18)	(12.82)	(422.48)	(38.64)	(128.06)	(14.71)
Profit / (loss) after tax	3,757.72	206.66	3,874.06	354.37	(569.88)	(65.47)

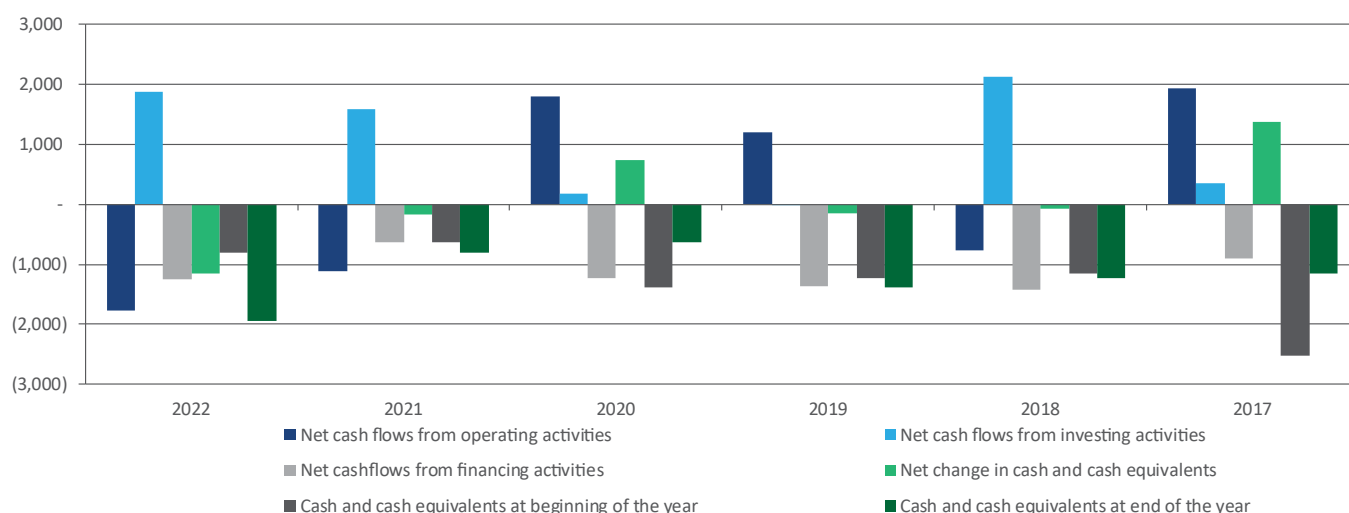
	<b>2019</b>	<b>%ΔYoY</b>	<b>2018</b>	<b>%ΔYoY</b>	<b>2017</b>	<b>%ΔYoY</b>
	<b>2019-18</b>		<b>2018-17</b>		<b>2017-16</b>	
	<b>Rupees in million</b>		<b>Rupees in million</b>		<b>Rupees in million</b>	
<b>Balance Sheet</b>						
Total equity	19,877.95	74.43	29,903.46	76.78	30,469.48	80.75
Total non-current liabilities	-	-	2,678.37	6.88	2,890.81	7.66
Total current liabilities	6,830.62	25.57	6,363.88	16.34	4,374.72	11.59
Total equity and liabilities	26,708.57	100.00	38,945.71	100.00	37,735.01	100.00
Total non-current assets	16,594.31	62.13	27,787.66	71.35	30,160.52	79.93
Total current assets	10,114.25	37.87	11,158.05	28.65	7,574.49	20.07
Total assets	26,708.57	100.00	38,945.71	100.00	37,735.01	100.00

#### Profit and Loss Account

Revenue	1,033.86	100.00	1,409.39	100.00	1,483.00	100.00
Gain / (loss) on sale of securities - net	63.95	6.19	54.08	3.84	717.13	48.36
Gain / (loss) on remeasurement of investments - net	(1,721.23)	(166.49)	(291.22)	(20.66)	(261.98)	(17.67)
Unrealised gain on remeasurement of investment property	-	-	-	-	346.62	23.37
Operating and administrative expenses	(102.49)	(9.91)	(106.21)	(7.54)	(116.73)	(7.87)
Other incomes / (charges) - net	(3.83)	(0.37)	(1.46)	(0.10)	361.29	24.36
Finance cost	(172.04)	(16.64)	(116.46)	(8.26)	(148.34)	(10.00)
Profit / (loss) before tax	(901.79)	(87.23)	948.12	67.27	2,381.00	160.55
Taxation	(62.05)	(6.00)	(127.13)	(9.02)	10.37	0.70
Profit / (loss) after tax	(963.84)	(93.23)	820.99	58.25	2,391.37	161.25

# SUMMARY OF CASH FLOWS STATEMENT

Year ended 30<sup>th</sup> June



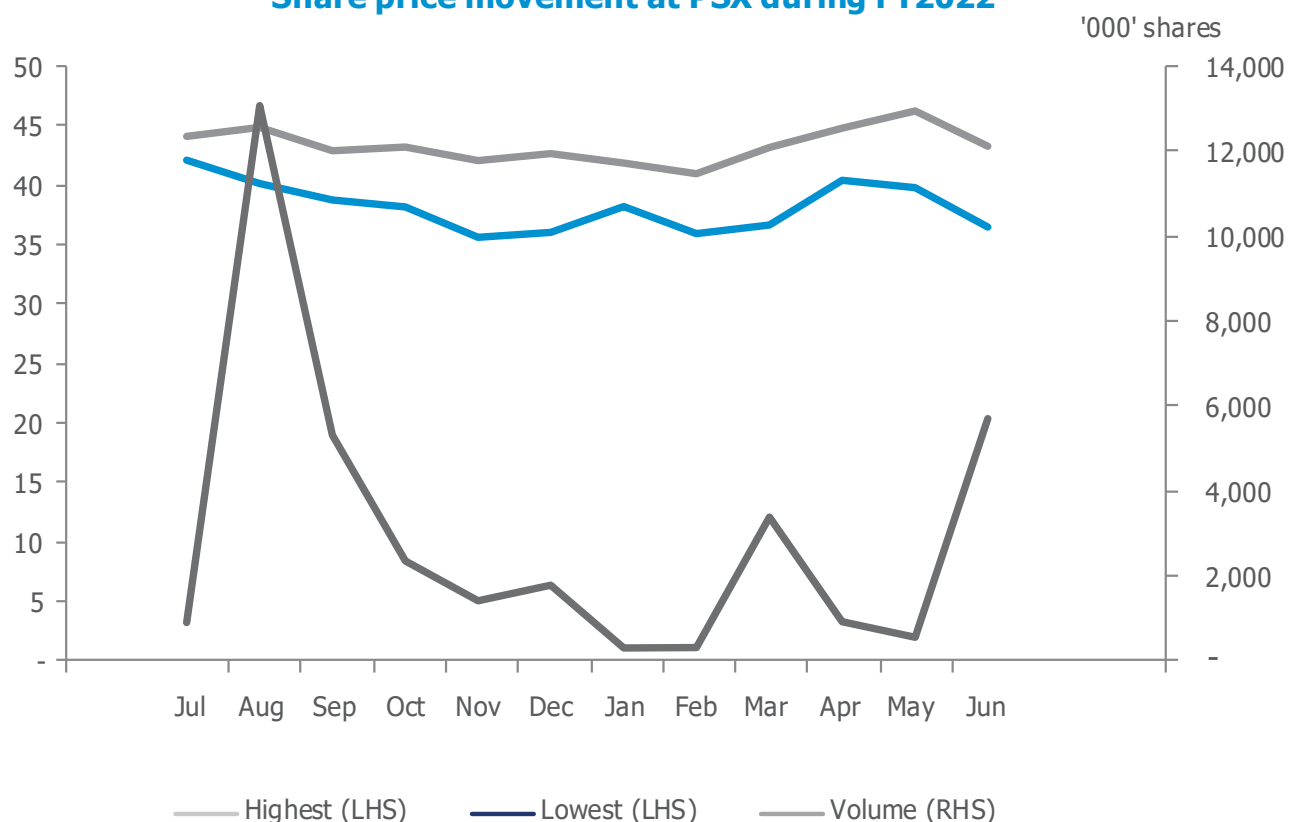
	2022	2021	2020	2019	2018	2017
	-----Rupees in million-----					
Net cash flows from operating activities	(1,774.27)	(1,119.56)	1,803.15	1,207.52	(769.65)	1,936.53
Net cash flows from investing activities	1,874.81	1,576.92	174.72	(0.45)	2,127.28	341.93
Net cash flows from financing activities	(1,245.60)	(627.89)	(1,236.62)	(1,362.68)	(1,426.68)	(910.62)
Net change in cash and cash equivalents	(1,145.06)	(170.53)	741.25	(155.61)	(69.05)	1,367.84
Cash and cash equivalents at beginning of the year	(806.55)	(635.59)	(1,377.03)	(1,233.00)	(1,154.74)	(2,522.58)
Cash and cash equivalents at end of the year	(1,949.76)	(806.55)	(635.59)	(1,377.03)	(1,223.00)	(1,154.74)

# SHARE PRICE / VOLUME ANALYSIS

## AHCL Share Price on the PSX

Month	Highest (LHS)	Lowest (LHS)	Volume (RHS)
July-21	39.30	37.50	261,500
August-21	39.97	35.75	3,697,500
September-21	38.22	34.52	1,508,000
October-21	38.50	34.01	671,500
November-21	37.48	31.75	406,500
December-21	38.00	32.10	509,500
January-22	37.30	34.04	94,500
February-22	36.50	32.02	97,000
March-22	38.45	32.65	963,000
April-22	39.90	36.00	267,000
May-22	41.20	35.46	163,000
June-22	38.55	32.50	1,617,000
	41.20	31.75	10,256,000.00

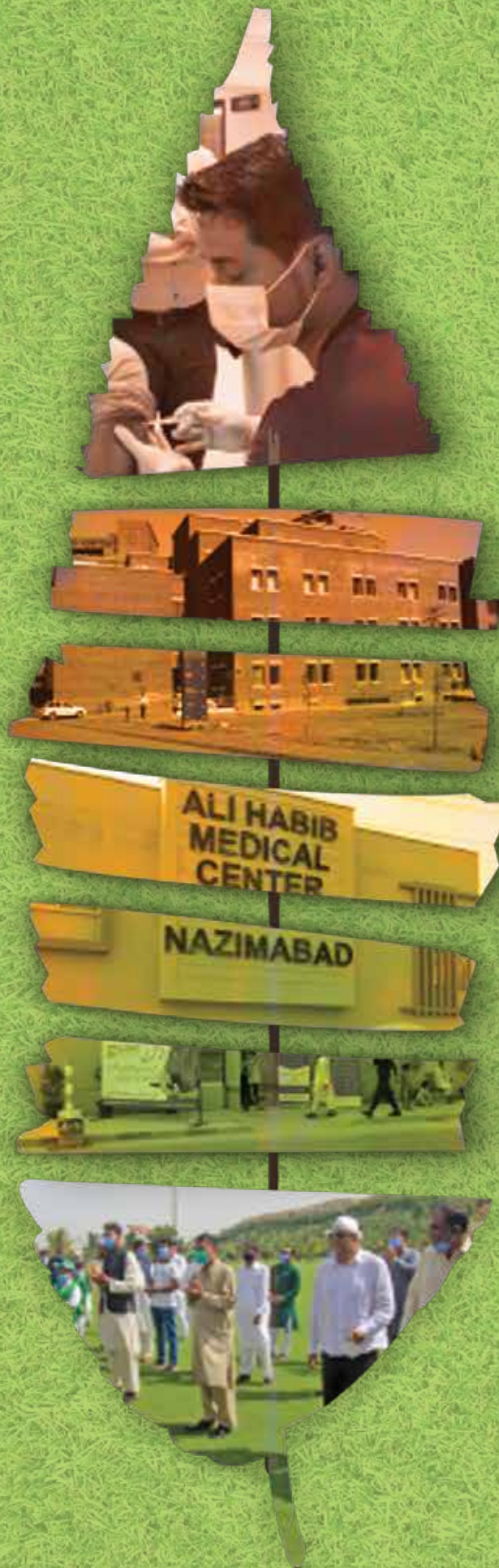
## Share price movement at PSX during FY2022





# **SUSTAINABILITY REPORT**







**At Arif Habib Group, sustainability and social responsibility is central to the ethos of our company. We believe that caring for a society, of which we are also an integral part, includes ensuring its long-term growth in a viable and continuous manner. Our aim is to bring together the resources we have at hand and attempt to negate adverse effects on the society and environment.**

We also aim to positively influence education, healthcare, livelihood and environmental sustainability to encourage and lay down the foundations of a flourishing society. Not only are these beliefs that are held dear by the top management but are also passed down all our value chains to be inculcated in our teams, encouraging them to engage with stakeholders in various activities, and pursue our goals with unwavering dedication. The Arif Habib Group has adopted the following Sustainable Development Goals to which it will keep adding.

## ZERO HUNGER



Despite being a mainly agrarian economy, it is unfortunate that there are still segments within our society that worries about where their next meal will come from. Arif Habib Group aims to improve the situation by not only by being present in the sector by providing quality fertilizer through its fertilizer company which fuels yields but also takes on the responsibility of imparting knowledge by conducting sessions on Food Security. Fatima Fertilizer conducted workshops which reached an audience of farmers, prospective agricultural entrepreneurs, experts from various industries and young university graduates.

Various Group companies have run and distributed Ration drives across the year to support those in the vicinities of their operations. Javedan Corporation Limited has also established a food bank which is accessible to residents within the Naya Nazimabad vicinity.

The Group also works towards monitoring and reducing the amount of wastage across its cafeterias and emphasizing on water conservation throughout all units of the Group.

## GOOD HEALTH AND WELL-BEING

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 Health & 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.





The Ali Habib Medical Centre (AHMC), an initiative of Javedan Corporation Limited, located at Naya Nazimabad was established to cater to the unmet needs of the community, inclusive of the surrounding densely populated areas. 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.

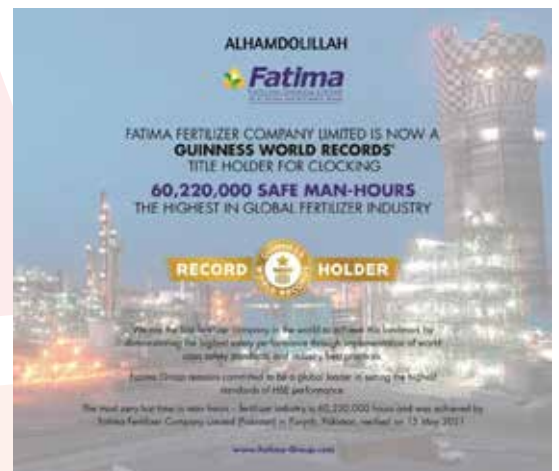
Additionally, Javedan Corporation has begun work to establish an extensive tertiary hospital within its premises.

In line with our commitment to lifesaving initiatives, most group companies organised blood drives at their premises.

To promote good health and well-being in a well-rounded manner, the Group has promoted and in participated in the development of many sports across the spectrum. Not only does the Group sponsor a wide array of events but has also purpose-built cricket and football stadiums at Naya Nazimabad which also have their respective training academies. Very soon, a fully-equipped Gymkhana which will house a host of indoor sports will also be operational and open to the public.

Our dedication trickles down across our companies promoting and practicing safe and healthy working environments for our employees. It gives us great pleasure to report that Fatima Fertilizer has been recognized by the Guinness World Record for 60,220,000 Safe-Man Hours in the international fertilizer industry. This is the standard we aim to achieve across all our businesses.

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.



## QUALITY EDUCATION



Education is a foundation for the development and progress of any society. It is the base upon which the whole building of human development stands. To this end Arif Habib Group extends its support to multiple organizations in completion of this aim like 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).

Our group also backs the following foundations: CARE Foundation, Progressive Education Network, Bait us Salam Welfare Trust, The Citizens Foundation, Memon Education Board, and The Hunar Foundation amongst others.

## CLEAN WATER AND SANITATION



The Group recognizes the importance of water conservation and is encouraging sustainable consumption and production habits to curtail impact on the environment. Taking into consideration the lack of proper water distribution and management across the country, Naya Nazimabad has responded by setting up a water recycling plant, as well as a rainwater reservoir, to promote maximum utilization of the precious resource. As an alternative, a Reverse Osmosis Filtration plant is also being installed to utilize the sub-soil water.

Many group companies also provide access to clean drinking water to communities in their vicinities.

## AFFORDABLE AND CLEAN ENERGY



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. It is also working to generate green energy, devoid of any discharge of harmful emissions, for which it is issued Certified Emission Reductions (CERs) or Carbon Credits by CDM.



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## CLIMATE ACTION

We hope to contribute to a more sustainable future for the country's energy needs.

MCB Arif Habib Savings and Investments Limited initiated and launched the ConserveToPreserve campaign. Keeping in mind the increasing energy and fuel prices, a maximum of the workforce was encouraged to work from home. It allowed decrease in fuel consumption, saving in energy consumption in office, and cut down congestion on road.

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

Power Cement has also installed a Waste Heat Recovery System along with a 7MW solar unit at its plant and also has plans to soon install a wind farm at its premises.

Additionally, Naya Nazimabad has also partaken in various plantation drives and campaigns to achieve a sustainable and environmentally friendly environment. In collaboration with National Forum for Environment & Health alone, it has planted a sum of 5,000 tree on various occasions. Various other Group enterprises have also engaged in similar plantation drives.



## DECENT WORK AND ECONOMIC GROWTH

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Acknowledging the importance that employees hold towards our firm, we at Arif Habib make accessible to our employees, an environment that is devoid of any discrimination or bias. We believe that employees are a fundamental component of any flourishing business and so aim to provide facilities to our employees that ensure peace of mind.

Arif Habib also places a strong emphasis on team building. We recognize that an organization can only function efficiently if all the employees work in sync and so, Group companies have organized workshops, sporting events, and skill-building activities to develop interpersonal relations amongst the employees and enhance an individual's existing skills.

Group Companies participate as speakers as well as supporters of several capacity development initiatives and job fairs undertaken by various industry professionals and associations.

## SUSTAINABLE CITIES AND COMMUNITIES

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Naya Nazimabad is built with concern for the exhausted housing system of Karachi and its rapidly growing population. It provides a breath of fresh air to impoverished resources for the masses, particularly targeting the middle-class families, endowing upon them hope for a better and more accommodating future. It also constitutes of parks and green spaces, accessible to both the residents and general public, which ensure the safety of women and children alike. Being an active developer and advisor in many upcoming real estate projects in the country, our management teams ensure that sustainable and green development initiatives are designed into the plans on day one.

The organization also makes sure that decent workplace accommodation at premises where required and basic necessities are available to its teams.



## FLOOD RELIEF

Arif Habib Group stands with its fellow Pakistanis during this unparalleled humanitarian crisis. To aid our countrymen, we have contributed through various group companies to provide immediate relief to affected families in the form of shelter (tents, tarpaulins, mosquito nets, clean drinking water and ration/food packages containing basic supplies (rice, wheat, sugar, pulses, chickpeas, oil, tea, milk powder, spices, salt and vermicelli) in the areas of Sukkur, Shikarpur, Khairpur, Naushahro Feroz and various areas of Interior Sindh. However, due to the magnitude of the disaster and our limitation to access far-flung areas, we have collaborated with Saylani Welfare Trust, Bait us Salam Welfare Trust and Health and Nutrition Development Society (HANDS). All these organizations have a long history, highly disciplined and experienced in providing relief to the needy. These organisations have established network, familiar with the people and terrains.

There is a long way to go yet. Initial assessments points to urgent need for food, clean drinking water, shelter, clothes, shoes, hygiene kits, mosquito nets and medicine.

Once water recedes and families start to resettle in their hometowns and villages, Arif Habib Group in the next phase, intends to participate in the rehabilitation of these families by assisting them in building houses through Bait us Salam and HANDS. Our contribution will be provision of construction material and the families shall be encouraged to contribute labour.

# 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

We value an open dialogue on integrity and responsibility in our interaction with all our employees, encouraging them to raise concerns and alerts of any inappropriate event they may encounter or learn of. To address these, 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 incidences 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 30<sup>th</sup> June 2022, 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 30<sup>th</sup> June 2022, 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 within 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. A. F. Ferguson & 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 30<sup>th</sup> June 2022 and shall retire on the conclusion of the 28<sup>th</sup> 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 28<sup>th</sup> October 2022
- Being eligible for re-appointment as Auditors of the Company, the Audit Committee recommends reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants, for the financial year 30<sup>th</sup> June 2023.

Karachi: 30<sup>th</sup> September 2022

**Chairman - Audit Committee**



# 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 for the year ended June 30, 2022 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. 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.

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 June 30, 2022.

**Chartered Accountants  
Karachi**

**Date:** 06 October 2022

**UDIN:** CR2022100594tfxcjziP

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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

## ARIF HABIB CORPORATION LIMITED FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2022

The company has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 [the Regulations] in the following manner:

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

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

- The composition of board for the year ended 30<sup>th</sup> June 2022 was 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)

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
- 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.
- 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.
- 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.
- The meetings of the Board were presided over by the Chairman. 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.
- The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- During the year, Ms. Zeba Bakhtiar has obtained certification under Directors' Training Program from Institute of Cost and Management Accountants of Pakistan (ICMA). 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.
- The board has approved appointment of Head of Internal Audit, including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
- 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:
- Audit Committee – 4 (four) meetings of the committee were held during the financial year.
  - HR and Remuneration Committee - 3 (three) meetings of the committee were held during the financial year.
  - Investments & Projects Diversification Committee - 4 (four) 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:**

During the year ended 30th June 2022, the Company had two eminent and seasoned independent directors out of total eight directors on the Board. Both the independent directors had 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.

**Explanation with respect to non-mandatory requirement under the regulation 29 is mentioned below:**

During the year ended 30th June 2022, the responsibilities as prescribed for the 'Nomination Committee' were being taken care at Board level. Subsequent to the year-end after the conduct of election of directors on 21<sup>st</sup> September 2022, the board has constituted a Nomination Committee for the purposes of compliance.

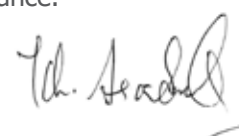
**Explanation with respect to non-mandatory requirement under the regulation 30 is mentioned below:**

Since the core operation of the Company is to make strategic investments in different industries and entities, the responsibilities as prescribed for the 'Risk Management Committee' were being taken care by the 'Investments & Projects Diversification Committee' of the Board. Subsequent to the year-end after the conduct of election of directors on 21<sup>st</sup> September 2022, the board has renamed 'Investments & Projects Diversification Committee' as 'Investments & Risk Management Committee' for the purposes of clarity and compliance.

For and on behalf of the Board



Arif Habib  
**Chief Executive**



Asadullah Khawaja  
**Chairman**

**AUDITED  
UNCONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2022**

# 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 June 30, 2022, 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 June 30, 2022 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.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

Following are the Key audit matters :

S No	Key audit matters	How the matters were addressed in our audit
1.	<p><b>investments</b></p> <p>(Refer note 6 and note 12 to the unconsolidated financial statements)</p> <p>As at 30 June 2022, the Company has investments classified as "Subsidiaries - at cost", "Associates - designated as Fair value through profit and loss", "Associates - designated as Fair value through other comprehensive income" and "Other equity securities - designated as Fair value through other comprehensive income" amounting to Rs. 24.59 billion which in aggregate represent 94.59% of the total assets of the Company. Investments are carried at cost or fair value in accordance with the Company's accounting policy relating to their recognition and subsequent measurement.</p> <p>The valuation of investment is significant to the unconsolidated financial statements and involves management's judgment and use of key assumptions and estimates and therefore we have considered this to be a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>- Tested the design, implementation and operating effectiveness of key controls over the valuation process, including the Company's review and approval of the estimates and assumptions used for the valuation;</li> <li>- Tested, on a sample basis, specific purchases and sale transactions recorded during the year by reference to its source;</li> <li>- In case of quoted securities, tested the valuation of such securities by agreeing the prices to the externally quoted market prices;</li> <li>- In case of unquoted securities, tested the valuation of such securities by involving valuation specialist to evaluate valuation techniques, assumptions and methodologies used by management;</li> <li>- Assessed the appropriateness of impairment policy in accordance with the requirements of accounting and reporting standards; and</li> <li>- Assessed the relevant disclosures made in the unconsolidated financial statements to determine whether these complied with the accounting and reporting standards as applicable in Pakistan.</li> </ul>

### Information Other than the Unconsolidated and 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, but does not include the unconsolidated and consolidated 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.

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.

### **Other Matter**

The unconsolidated financial statements of the Company for the year ended June 30, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on October 01, 2021.

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



**Chartered Accountants  
Karachi**

**Date:** 06 October 2022

**UDIN:** AR202210059svWmzploh

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# STATEMENT OF UNCONSOLIDATED FINANCIAL POSITION

As at 30<sup>th</sup> June 2022

	Note	2022 (Rupees)	2021
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	37,430,437	61,035,337
Intangible assets	5	451,355	606,095
Long term investments	6	19,184,747,220	16,321,392,392
Long term loan to related party	7	106,537,149	134,970,641
Long term deposits and other receivable	8	5,087,578	2,964,728
		<b>19,334,253,739</b>	16,520,969,193
<b>CURRENT ASSETS</b>			
Loans and advances	9	1,145,638,900	634,834,491
Mark-up receivable	10	56,655,241	15,759,219
Prepayments and other receivables	11	7,901,910	15,648,067
Short term investments	12	5,478,335,260	5,238,368,312
Taxation - net	20	-	42,300,846
Cash and bank balances	13	41,034,791	296,132,153
		<b>6,729,566,102</b>	6,243,043,088
<b>TOTAL ASSETS</b>		<b>26,063,819,841</b>	22,764,012,281

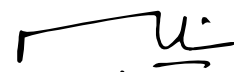
The annexed notes from 1 to 40 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer




# STATEMENT OF UNCONSOLIDATED FINANCIAL POSITION

As at 30<sup>th</sup> June 2022

	Note	2022 (Rupees)	2021
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital		10,000,000,000	10,000,000,000
<i>Share capital</i>			
Issued, subscribed and paid up share capital	14	4,083,750,000	4,083,750,000
<i>Revenue reserves</i>			
General reserve		4,000,000,000	4,000,000,000
Unappropriated profit		15,793,296,784	13,260,702,933
<i>Fair value reserve</i>	15	(43,327,588)	20,085,153
<b>TOTAL EQUITY</b>		<b>23,833,719,196</b>	<b>21,364,538,086</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation - net	16	132,728,896	240,963,798
Lease liability against right of use assets	17	-	17,941,122
		132,728,896	258,904,920
<b>CURRENT LIABILITIES</b>			
Other payables	18	51,376,407	5,761,262
Short term borrowings	19	1,990,793,918	1,102,687,110
Current portion of lease liability	17	5,762,209	14,782,306
Taxation - net	20	30,232,789	-
Unclaimed dividend		19,206,426	17,338,597
<b>TOTAL LIABILITIES</b>		<b>2,097,371,749</b>	<b>1,140,569,275</b>
		<b>2,230,100,645</b>	<b>1,399,474,195</b>
Contingencies and commitments	21		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26,063,819,841</b>	<b>22,764,012,281</b>

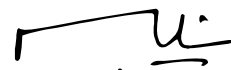
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Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF UNCONSOLIDATED PROFIT OR LOSS

For the year ended 30<sup>th</sup> June 2022

	Note	2022 (Rupees)	2021
Revenue	22	1,818,283,006	1,093,222,803
Gain on sale of securities - net		637,447,266	204,616,567
Gain on remeasurement of investments - net	23	1,730,209,182	3,188,968,081
		4,185,939,454	4,486,807,451
Administrative expenses	24	(120,438,910)	(120,143,129)
Finance cost	25	(77,132,567)	(20,628,094)
Operating profit		3,988,367,977	4,346,036,228
Other income	26	2,567,167	969,400
Other charges	27	(40,000)	(50,465,744)
		2,527,167	(49,496,344)
<b>Profit before income tax</b>		<b>3,990,895,144</b>	<b>4,296,539,884</b>
Income tax expense	28	(233,176,293)	(422,475,641)
<b>Profit for the year</b>		<b>3,757,718,851</b>	<b>3,874,064,243</b>
<b>Earnings per share - basic and diluted</b>	29	<b>9.20</b>	<b>9.49</b>

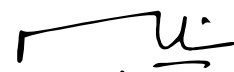
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Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF UNCONSOLIDATED COMPREHENSIVE INCOME

For the year ended 30<sup>th</sup> June 2022

	2022 (Rupees)	2021
<b>Profit for the year</b>	<b>3,757,718,851</b>	3,874,064,243
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to statement of profit or loss</i>		
Investment in associate at fair value through other comprehensive income - net change in fair value	(68,995,515)	-
Related deferred tax for the year	5,582,774	-
Other comprehensive loss for the year - net of tax	(63,412,741)	-
<b>Total comprehensive income for the year</b>	<b>3,694,306,110</b>	3,874,064,243

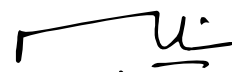
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Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF UNCONSOLIDATED CHANGES IN EQUITY

For the year ended 30<sup>th</sup> June 2022

	Reserves				Sub total	Total
	Issued subscribed and paid-up share capital	Revenue reserves				
		General reserve	Unappropriated Profit	Fair value reserve*		
(Rupees)						
Balance as at July 1, 2020	4,083,750,000	4,000,000,000	9,999,201,190	20,085,153	14,019,286,343	18,103,036,343
Total comprehensive income for the year ended June 30, 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 June 30, 2020	-	-	(612,562,500)	-	(612,562,500)	(612,562,500)
Balance as at June 30, 2021	4,083,750,000	4,000,000,000	13,260,702,933	20,085,153	17,280,788,086	21,364,538,086
Total comprehensive income for the year ended June 30, 2022						
Profit for the year	-	-	3,757,718,851	-	3,757,718,851	3,757,718,851
Other comprehensive loss for the year	-	-	-	(63,412,741)	(63,412,741)	(63,412,741)
	-	-	3,757,718,851	(63,412,741)	3,694,306,110	3,694,306,110
Transactions with owners of the Company recorded directly in equity - distributions						
Final cash dividend at the rate of Rs. 3 per share for the year ended June 30, 2021	-	-	(1,225,125,000)	-	(1,225,125,000)	(1,225,125,000)
Balance as at June 30, 2022	4,083,750,000	4,000,000,000	15,793,296,784	(43,327,588)	19,749,969,196	23,833,719,196

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

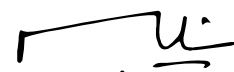
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Chief Executive Officer



Director



Chief Financial Officer



# STATEMENT OF UNCONSOLIDATED CASH FLOWS

For the year ended 30<sup>th</sup> June 2022

	Note	2022 (Rupees)	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash used in operations	31	(1,524,734,897)	(788,846,239)
Income tax paid		(263,294,787)	(352,868,351)
Interest received		43,611,753	40,209,672
Finance cost paid		(29,853,729)	(18,056,641)
<b>Net cash used in operating activities</b>		<b>(1,774,271,660)</b>	<b>(1,119,561,559)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		(3,507,799)	(1,416,450)
Acquisition of intangible assets		-	(618,990)
Dividend received		1,718,481,260	1,678,011,459
Proceeds from sale of property and equipment		44,497	1,366,000
Acquisition of long term investments		-	(99,993,500)
Disposal of long term investments		161,910,000	-
Long term deposits and other receivable		(2,122,850)	(427,698)
<b>Net cash generated from investing activities</b>		<b>1,874,805,108</b>	<b>1,576,920,821</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(1,225,125,000)	(612,562,500)
Payment of lease liability		(20,472,191)	(15,325,860)
<b>Net cash used in financing activities</b>		<b>(1,245,597,191)</b>	<b>(627,888,360)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,145,063,743)</b>	<b>(170,529,098)</b>
Cash and cash equivalents at beginning of the year		(806,554,957)	(635,585,115)
Effect of exchange rate fluctuations on cash held		1,859,573	(440,744)
<b>Cash and cash equivalents at end of the year</b>	32	<b>(1,949,759,127)</b>	<b>(806,554,957)</b>

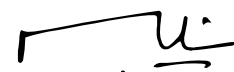
The annexed notes from 1 to 40 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 1. STATUS AND NATURE OF BUSINESS

- 1.1** Arif Habib Corporation Limited ("the Company") was incorporated in Pakistan on November 14, 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 unconsolidated financial statements are separate financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment lossess, if any. Investments in associates are carried at fair value through profit and loss and fair value through other comprehensive income based on their classification. The consolidated financial statements of the Company and its subsidiaries have been prepared separately.

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

<i>Name of Companies</i>	<i>Shareholding</i>
Subsidiaries	
- Arif Habib Limited, a brokerage house	63.01%
- 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%

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These unconsolidated 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 (the Act);
- Provisions of and directives issued under the Act;

Where the provisions of and directives issued under the Act differ with the requirements of IFRS Standards, the provisions of and directives issued under the Act have been followed.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention as modified by remeasurement of certain financial assets at fair value.

## 2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees, which is the Company's functional [and presentation currency.] All amounts have been rounded to the nearest rupee, unless otherwise stated.

## 2.4 Use of estimates and judgments

The preparation of unconsolidated 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 these unconsolidated financial statements, and about assumptions and estimation uncertainties that have a significant risk of material adjustment to carrying amounts of assets and liabilities in the future period are included in the following notes:

- Provision for taxation (note 3.3)
- Fair value and classification of investments (note 3.7)
- Impairment of non-financial assets (note 3.8)
- Investment property (note 3.9)
- Provisions (note 3.16)

## 2.5 Changes in accounting standards, interpretations and pronouncements

### a) Amendments to accounting and reporting standards that became effective during the year

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2021. However, these do not have any significant impact on the Company's financial reporting.

### b) Standard and amendments to accounting and reporting standards that are not yet effective

There is a standard and certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2022. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these unconsolidated financial statements.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 3.1 Right of use assets and related lease liabilities

### 3.1.1 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.

### 3.1.2 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 exercise (or not to exercise) 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.

## 3.2 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.

## 3.3 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 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.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

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.

### 3.4 Property and equipment

Property 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 property 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 property and equipment are recognised in the statement of profit or loss. The assets' residual value and useful life are reviewed at each reporting date, 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.

### 3.5 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.

### 3.6 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 significant influence as defined in IAS 28 'Investments in Associates and Joint Ventures', 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.

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 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 or on the basis of some other relevant valuation methodology according to the sector / business fundamentals. Subsequently, changes in fair value are recognized in 'Other Comprehensive Income' and are never recycled to profit and loss, even if the asset is sold or impaired.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## Fair value measurement

The fair value of financial instruments traded in active markets at the reporting date is based on their quoted market prices or dealer price quotation without any deduction for transaction costs. If there is no active market for a financial asset, the Company establishes fair value using valuation techniques. These include the use of recent arms length transaction, discounted cash flow analysis and other revaluation techniques commonly used by market participants.

## 3.7 Financial Instruments

### 3.7.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized on trade-date – the date on which the Company commits to purchase or sell the asset.

#### 3.7.1.1 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 3.7.1.2. Gains and losses are recognised in the statement of profit or loss 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 3.7.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit or loss.

#### 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 statement of profit or loss. Dividends are recognised in the statement of profit or loss 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 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 statement of profit or loss in the period in which it arises.

### 3.7.1.2 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.

### 3.7.1.3 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 statement of profit or loss.

### 3.7.1.4 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.

### 3.7.1.5 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 3.7.1.6 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.

## 3.7.1.7 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.

## 3.7.1.8 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.

## 3.7.1.9 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 statement of profit or loss 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 statement of comprehensive income.

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

Fair value of unquoted investments is determined under the discounted cashflow model or on the basis of some other relevant valuation methodology according to the sector / business fundamentals.

### b) Financial assets held at amortised cost

These are subsequently measured at amortised cost.

## 3.7.2 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 3.7.2.1 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.

## 3.7.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated financial statements only when the Company has currently legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

## 3.8 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.

## 3.9 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.

## 3.10 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 3.11 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.

## 3.12 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.

## 3.13 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs are directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

## 3.14 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## 3.15 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.

## 3.16 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.

## 3.17 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.

## 3.18 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).



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 3.19 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.

## 4. PROPERTY AND EQUIPMENTS

Note	2022	2021
	(Rupees)	
Operating assets	27,106,148	30,066,601
Right-of-use assets	10,324,289	30,968,736
	<b>37,430,437</b>	<b>61,035,337</b>

### 4.1 Operating assets

	Leasehold improvements	Furniture and Office equipment	Computer and allied Equipment	Vehicles	Total
	(Rupees)				
<b>Cost</b>					
Balance as at July 01, 2020	67,750,472	1,229,187	4,499,086	45,487,141	118,965,886
Additions	-	32,000	920,550	463,900	1,416,450
Disposals	-	(36,800)	(10,000)	(477,500)	(524,300)
Balance as at June 30, 2021	67,750,472	1,224,387	5,409,636	45,473,541	119,858,036
Additions	-	411,300	2,604,699	491,800	3,507,799
Disposals	-	(20,378)	(30,000)	-	(50,378)
<b>Balance as at June 30, 2022</b>	<b>67,750,472</b>	<b>1,615,309</b>	<b>7,984,335</b>	<b>45,965,341</b>	<b>123,315,457</b>
<b>Accumulated Depreciation</b>					
Balance as at July 1, 2020	55,613,739	718,156	3,746,413	22,953,290	83,031,598
Charge for the year	1,820,510	89,335	459,766	4,517,926	6,887,537
Disposals	-	(36,800)	(10,000)	(80,900)	(127,700)
Balance as at June 30, 2021	57,434,249	770,691	4,196,179	27,390,316	89,791,435
Charge for the year	1,547,434	99,016	1,094,427	3,694,442	6,435,319
Disposals	-	(4,342)	(13,103)	-	(17,445)
<b>Balance as at June 30, 2022</b>	<b>58,981,683</b>	<b>865,365</b>	<b>5,277,503</b>	<b>31,084,758</b>	<b>96,209,309</b>
Written down value as at June 30, 2021	10,316,223	453,696	1,213,457	18,083,225	30,066,601
<b>Written down value as at June 30, 2022</b>	<b>8,768,789</b>	<b>749,944</b>	<b>2,706,832</b>	<b>14,880,583</b>	<b>27,106,148</b>
<b>Annual rates of depreciation</b>	<b>15%</b>	<b>15%</b>	<b>33%</b>	<b>20%</b>	

### 4.2 Right-of-use assets

Note	2022	2021
	(Rupees)	
<b>Cost</b>		
Balance as at July 1	56,623,575	38,482,259
Effect of lease modification	(7,740,119)	18,141,316
Balance as at June 30	<b>48,883,456</b>	<b>56,623,575</b>
<b>Depreciation</b>		
Balance as at July 1	(25,654,839)	(12,827,420)
Charge for the year	(12,904,328)	(12,827,419)
Balance as at June 30	<b>(38,559,167)</b>	<b>(25,654,839)</b>
<b>Written down value as at June 30</b>	<b>10,324,289</b>	<b>30,968,736</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

**4.2.1** The Company has a lease agreement with Rotocast Engineering Company (Private) Limited for its office building having useful life of the asset is 3 years.

**4.3** Depreciation has been allocated to administrative expenses (note 24) amounting to Rs. 19.34 million (2021: Rs.19.72 million).

## 5. INTANGIBLE ASSETS

### Computer softwares

#### Cost

Balance as at July 1

Addition

Balance as at June 30

#### Amortisation

Balance as at July 1

Charge for the year

Balance as at June 30

**Written down value as at June 30**

**Annual amortisation rate**

Note	2022 (Rupees)	2021
	618,990	-
	-	618,990
	618,990	618,990
	(12,895)	-
5.2	(154,740)	(12,895)
	(167,635)	(12,895)
	451,355	606,095
	25%	25%

**5.1** Intangible assets comprise of windows license and computer software.

**5.2** Amortisation has been allocated to administrative expenses (note 24) amounting to Rs. 0.15 million (2021: Rs. 0.01 million).

## 6. LONG TERM INVESTMENTS

Subsidiaries - at cost (net of impairment)

Associates- designated at fair value through profit and loss

Associates - designated at fair value through other comprehensive income

Other equity securities - designated at fair value through other

comprehensive income

Note	2022 (Rupees)	2021
6.1	4,704,260,592	4,903,984,832
6.2	12,530,486,628	9,967,414,060
6.3	1,350,000,000	1,449,993,500
6.4	600,000,000	-
	19,184,747,220	16,321,392,392

### 6.1 Subsidiaries - at cost (net of impairment)

#### Quoted Entity

Arif Habib Limited (AHL) 41,170,472 (2021: 41,245,884)

fully paid ordinary shares of Rs. 10 each

	2022 (Rupees)	2021
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6.1.1	1,957,795,532	2,157,519,772
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#### Unquoted Entities

Sachal Energy Development (Private) Limited (SEDPL) 274,646,506

(2021: 274,646,506) fully paid ordinary shares of Rs. 10 each

6.1.2	2,746,465,060	2,746,465,060
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Black Gold Power Limited (BGPL) 5,000,000 (2021: 5,000,000)

fully paid ordinary shares of Rs. 10 each

6.1.3	50,000,000	50,000,000
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Impairment recognised

6.1.4	(50,000,000)	(50,000,000)
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	-	-
	4,704,260,592	4,903,984,832

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

- 6.1.1** Investment in AHL represents 63.01% (2021: 69.44%) of AHL's paid up share capital as at June 30, 2022. During the year, the Company received 4,124,588 bonus shares and disposed off 4,200,000 shares of AHL. These includes 40,700,000 shares (2021: 4,000,000 shares) having market value of Rs. 1,806.67 million (2021: 324.2 million), which has been pledged with the commercial banks as a security against the Company's borrowings. AHL was incorporated in Pakistan. AHL is a holder of Trading Right Entitlement Certificate (TREC) of PSX. The principal activities of AHL are investments, share brokerage, inter-bank brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services.
- 6.1.2** Investment in SEDPL represents 85.83% (2021: 85.83%) of SEDPL's paid up share capital as at June 30, 2022. The entire shareholding in SEDPL has been pledged in favour of Industrial and Commercial Bank of China (ICBC) to secure project financing of SEDPL. SEDPL was incorporated in Pakistan. SEDPL is engaged in the business of electricity generation and its sale.
- 6.1.3** Investment in BGPL represents 100% (2021: 100%) of BGPL's paid up share capital as at June 30, 2022. BGPL was incorporated in Pakistan. 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. The Company has not started its operations as at June 30, 2022.
- 6.1.4** This represents provision held against the Company's investment in Black Gold Power limited, a wholly owned subsidiary Company. There is no movement in provision for impairment during the year.

### 6.2 Associates - designated at fair value through profit and loss

	Note	Cost	Appreciation / (diminution) on remeasurement of investments	Carrying amount (at fair value)	
				2022	2021
<hr/>					
(Rupees)					
<hr/>					
<b>Quoted Entities</b>					
MCB - Arif Habib Savings and Investments Limited (MCB-AH) 21,664,167 (2021: 21,664,167) fully paid ordinary shares of Rs. 10 each	6.2.1	477,694,882	(5,416,041)	472,278,841	796,158,137
Fatima Fertilizer Company Limited (FFCL) 319,000,206 (2021: 319,000,206) fully paid ordinary shares of Rs. 10 each	6.2.2	3,512,782,225	8,545,425,562	12,058,207,787	9,171,255,923
		3,990,477,107	8,540,009,521	12,530,486,628	9,967,414,060

- 6.2.1** Investment in MCB-AH represents 30.09% (2021: 30.09%) of MCB-AH's paid up share capital as at June 30, 2022, having historical cost of Rs. 81.95 million (2021: Rs. 81.95 million). Market value per share as at June 30, 2022 was Rs. 21.80 (2021: Rs. 36.75). 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. MCB-AH was incorporated in Pakistan. MCB-AH is a non-banking finance company and is an asset management company and an investment advisor.
- 6.2.2** Investment in FFCL represents 15.19% (2021: 15.19%) of FFCL's paid up share capital as at June 30, 2022. These includes 120,300,000 shares (2021: 113,300,000 shares) having market value of Rs. 4,547.34 million (2021: Rs. 3,257.38 million), which has been pledged with the commercial banks as a security against the Company's borrowings. Market value per share as at June 30, 2022 is Rs. 37.80 (2021: Rs. 28.75). FFCL was incorporated in Pakistan. The principal activity of FFCL is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. The Company has its representation on the Board of FFCL and accordingly treated as an 'Associate'.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 6.3 Associates - designated at fair value through other comprehensive income

	Note	Cost	Appreciation / (diminution) on remeasurement of investments	Carrying amount	
				2022	2021
(Rupees)					
<b>Unquoted Entities</b>					
Pakarab Fertilizers Limited (PFL) 135,000,000 (2021: 135,000,000) fully paid ordinary shares of Rs. 10 each	6.3.1	1,324,332,073	25,667,927	1,350,000,000	1,350,000,000
National Resources (Private) Limited (NRPL) 9,999,350 (2021: 9,999,350) fully paid ordinary shares of Rs. 10 each	12.1	-	-	-	99,993,500
		<b>1,324,332,073</b>	<b>25,667,927</b>	<b>1,350,000,000</b>	<b>1,449,993,500</b>

**6.3.1** Investment in PFL represents 30% (2021: 30%) of PFL's paid up share capital as at June 30, 2022. PFL was incorporated in Pakistan. PFL is engaged in the fertilizers trading business.

On the basis of current operations of PFL, for details regarding assumptions used in valuation of PFL refer to note 35.2.1, the management believes that continuation of business as trading entity is not the optimum utilization of PFL's resources and PFL may not be able to discharge its obligation in a timely manner without the Sponsor's supports. The Sponsors' of PFL are deliberating over various strategies to maximize return of its shareholder and to operate PFL on a sustainable basis. Based on the discussions amongst the Sponsors', the management is confident that it will recover value of investment.

## 6.4 Other equity securities - designated at fair value through other comprehensive income

	Note	Cost	Appreciation / (diminution) on remeasurement of investments	Carrying amount	
				2022	2021
(Rupees)					
<b>Un-Quoted Entities</b>					
Silk Islamic Development REIT (SIDR) 60,000,000 (2021: Nil) Units of Rs. 10 each	6.4.1	600,000,000	-	600,000,000	-
Sun Biz (Private) Limited (SBL) 10,000 (2021: 10,000) fully paid ordinary shares of Rs. 100 each	6.4.2	-	-	-	-
Al-Khabeer Financial Services 5,000 (2021: 5000) fully paid ordinary shares of Rs. 200 each	6.4.2	-	-	-	-
		<b>600,000,000</b>	<b>-</b>	<b>600,000,000</b>	<b>-</b>

**6.4.1** This represents 60 million units held in a privately placed closed-end shariah compliant apartment development REIT scheme which constitutes 20% of the total 300 million units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Company Limited - a related party. The proportionate fair value of the Investment approximates the investment made by the Company in the REIT Units as at June 30, 2022. For details regarding assumptions used in valuation of SIDR refer to note 35.2.1.

**6.4.2** These investments were reassessed by the management on initial application of IFRS-9 and based on the available information and it was concluded that the fair value does not differ materially from carrying amount as at June 30, 2022.

**6.5** Fair value of long term investments pledged with banking companies against various facilities of the Company amounts to Rs. 6,354.01 million (2021: Rs. 3,581.86 million).

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

### 7. LONG TERM LOAN TO A RELATED PARTY

Note	2022	2021
	(Rupees)	
At amortised cost		
Secured - Considered good		
Aisha Steel Mills Limited, a related company	134,970,641	163,404,133
Less: Current portion of long term loan	(28,433,492)	(28,433,492)
	<b>106,537,149</b>	<b>134,970,641</b>

**7.1** 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 (2021: 6-months KIBOR plus 3.25% per annum). The rate of mark-up on the loan during the period ranged between 10.94% to 14.71% (2021: 10.49% to 10.60%) per annum. Mark-up is payable on a semi-annual basis.

**7.2** The maximum amount outstanding from the above related party at end of any month during the year was Rs.149.19 million (2021: Rs.163.4 million).

### 8. LONG TERM DEPOSITS AND OTHER RECEIVABLE

Note	2022	2021
	(Rupees)	
Security deposits - unsecured		
- with Central Depository Company of Pakistan Limited	104,090	4,090
- with telecommunication companies	40,500	40,500
- for fuel cards	95,000	95,000
	<b>239,590</b>	<b>139,590</b>
Other receivable - secured		
Receivable from employees against leased vehicles	4,847,988	2,825,138
	<b>5,087,578</b>	<b>2,964,728</b>

**8.1** 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.

### 9. LOANS AND ADVANCES

Note	2022	2021
	(Rupees)	
<b>At Amortised cost</b>		
Unsecured		
Loans to related parties		
- Black Gold Power Limited	5,500,000	5,500,000
- Safe Mix Concrete Limited	18,118,274	-
- Pakarab Fertilizers Limited	813,153,536	-
Advance for investment in		
- Pakistan Corporate CBD REIT	279,026,250	-
- Silk Islamic Development REIT	-	600,000,000
Secured		
- Current portion of long term loan to Aisha Steel Mills Limited (ASML)	28,433,492	28,433,492
- Advance against salaries to employees	1,407,348	900,999
	<b>1,145,638,900</b>	<b>634,834,491</b>



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

- 9.1** 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.
- 9.2** The Company entered into a loan agreement with Safe Mix Concrete Limited, a related party (SMCL). The loan is repayable within 30 business days of notice of demand. The mark-up rate on the said loan is 3 month KIBOR + 1.80% per annum. Mark-up is payable on quarterly basis. The rate of mark-up on the loan during the period ranged between 12.34% to 13.75% per annum (June 30, 2021: Nil).
- 9.3** The Company entered into a loan agreement with Pakarab Fertilizers Limited, an associated company (Pakarab). The loan is repayable within 30 business days of notice of demand. The mark-up rate on the said loan is 3 month KIBOR + 1.80% per annum. Mark-up is payable on half-yearly basis. The rate of mark-up on the loan during the period ranged between 13.73% to 13.69% per annum (June 30, 2021: Nil).
- 9.4** This represent advance paid for equity investment in a Shariah Compliant Development REIT Scheme (SCDR). This (SCDR) Scheme is managed by Arif Habib Dolmen REIT Management Company Limited - a related party. The (SCDR) scheme is in process of acquiring two immovable properties from the Lahore Central Business District Development Authority, subsequent to bidding process. The REIT scheme has been approved by the Securities and Exchange Commission of Pakistan (SECP) on 22 December 2021 vide its letter.
- 9.5** The carrying values of the loans and advances are neither past due nor impaired. The maximum amount outstanding from related parties in respect of loans and advances at end of any month during the year was Rs. 1,855.07 million (2021: Rs. 922.5 million).
- 9.6** This represents interest free balance due from the employees and are secured against their retirement benefit fund.
- 9.6.1** This includes Rs. 0.6 million (2021: nil) due from an executive. The maximum amount outstanding from executive in respect of interest free loan at end of any month during the year was Rs. 1 million (2021: nil).

<b>10. MARK-UP RECEIVABLE</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>(Rupees)</b>	
<b>- Considered good</b>			
From related parties:			
- Aisha Steel Mills Limited	7.1	9,948,630	8,589,238
- Power Cement Limited	10.1	16,179,794	-
- Pakarab Fertilizers Limited	9.3	28,365,692	-
- Safe Mix Concrete Limited	9.2	2,161,125	-
- Javedan Corporation Limited		-	2,722,849
- Arif Habib Limited		-	4,447,132
		<b>56,655,241</b>	<b>15,759,219</b>

- 10.1** This represent markup receivable on an unsecured loan extended to Power Cement Limited, which was repaid during the year. The rate of markup 3 months KIBOR + 1.80% (2021: Nil) and was payable quarterly.
- 10.2** The maximum amount outstanding from related parties in respect of mark-up receivable as at the end of any month during the year was Rs. 56.66 million (2021: Rs. 15.76 million).

<b>11. PREPAYMENTS AND OTHER RECEIVABLES</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>(Rupees)</b>	
Prepayments		2,192,469	784,153
Guarantee commission receivable	11.1	3,989,441	4,307,736
Others		1,720,000	10,556,178
		<b>7,901,910</b>	<b>15,648,067</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

11.1 Guarantee commission receivable	2022	2021
	(Rupees)	
Aisha Steel Mills Limited	325,614	1,051,623
Sachal Energy Development (Private) Limited	2,547,645	2,414,655
Power Cement Limited	211,920	376,575
Arif Habib Limited	904,262	464,883
	<b>3,989,441</b>	<b>4,307,736</b>

**11.1.1** The maximum amount due in respect of guarantee commission receivable as at the end of any month during the year was Rs. 3.99 million (2021: Rs. 5.16 million).

12. SHORT TERM INVESTMENTS	Note	2022	2021
		(Rupees)	
Details of the investments are as follows:			
<b>Equity securities at fair value through profit or loss</b>			
Investment in ordinary shares of related parties		2,639,628,987	3,286,748,289
Investment in preference shares of related parties		605,168,208	854,461,693
Investment in ordinary shares of other companies		2,202,540,080	1,097,158,330
		<b>5,447,337,275</b>	<b>5,238,368,312</b>
<b>Equity securities at fair value through other comprehensive income</b>			
Investment in ordinary shares of related parties	12.1	30,997,985	-
		<b>5,478,335,260</b>	<b>5,238,368,312</b>

**12.1** This represent investment in National Resources (Private) Limited (NRPL), the Company has 9.99 million (2021: 9.99 million) fully paid ordinary shares of Rs. 10 each, representing 9.57% (2021: 9.57%) of NRPL's paid up share capital as at June 30, 2022. 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 Limited, 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.

During the year, the Company has entered into an agreement with other NRPL's sponsors where by entire shareholding will be sold to them at a total consideration of Rs. 30.998 million (Rs. 3.10 per share) under the Share Purchase Agreement. Therefore, investment in NRPL has been classified from long term investment to short term investment. Upon occurrence of sale, AHCL will cease to be a party under the Joint Venture Agreement dated November 20, 2020.

Shares will be transferred to the other NPRL's sponsors once all the regulatory requirements are fulfilled by NRPL.

12.2 Reconciliation of gain on remeasurement of equity securities at fair value through profit and loss	2022	2021
	(Rupees)	
Cost of investment	4,733,030,351	3,691,198,002
Unrealised gain / (loss) - net	1,547,170,310	(696,068,791)
Balance as at July 1	(832,863,386)	2,243,239,101
Unrealised (loss) / gain for the year - net	714,306,924	1,547,170,310
<b>Balance as at June 30</b>	<b>5,447,337,275</b>	<b>5,238,368,312</b>

**12.3** Fair value of short term investments pledged with commercial banks against various financing facilities availed by the Company amounts to Rs. 1,103 million (2021: Rs. 1,498 million).

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

13. CASH AND BANK BALANCES	Note	2022 (Rupees)	2021
With banks in:			
Current accounts			
- In local currency		28,164,512	23,813,879
- In foreign currency		8,185,591	6,327,873
		36,350,103	30,141,752
Saving accounts	13.1	4,596,522	265,904,089
		40,946,625	296,045,841
Cash in hand (in local and foreign currency)		88,166	86,312
		41,034,791	296,132,153

13.1 Mark-up on saving accounts carries interest rates ranging between 6% to 12.25% (2021: 5.5% to 6%) per annum.

## 14. SHARE CAPITAL

### 14.1 Authorised share capital

2022 (Number of shares)	2021		2022 (Rupees)	2021
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	10,000,000,000	10,000,000,000

### 14.2 Issued, subscribed and paid up share capital

2022	2021		2022 (Rupees)	2021
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 14.2.1	(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 14.2.2	(453,750,000)	(453,750,000)
408,375,000	408,375,000		4,083,750,000	4,083,750,000

14.2.1 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.

14.2.2 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.

14.2.3 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

**14.2.4** As at June 30, 2022, Mr. Arif Habib (Chief Executive of the Company) held 80.54% (2021: 80.54%) of ordinary shares in the Company.

<b>15. FAIR VALUE RESERVE</b>	Note	2022 (Rupees)	2021
National Resources (Private) Limited	6.3	(68,995,515)	-
Silk Islamic Development REIT	6.4	-	-
Pakarab Fertilizers Limited	6.3	25,667,927	25,667,927
		(43,327,588)	25,667,927
Less: Deferred tax		-	(5,582,774)
		(43,327,588)	20,085,153

## 16. DEFERRED TAXATION - NET

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

	Note	2022 (Rupees)	2021
<b><i>Taxable temporary differences</i></b>			
- Associates - at fair value through other comprehensive income		-	5,582,774
- Accelerated tax depreciation and amortization		-	292,544
- Unrealised gain on investment in equity securities at fair value through profit and loss		132,728,896	235,381,024
<b><i>Deductible temporary differences</i></b>			
- Impairment loss on long term investment - unquoted		(17,160,000)	(11,310,000)
- Unrealised loss on investment in equity securities at fair value through other comprehensive income - unquoted		(14,298,104)	-
- Lease liability against right of use assets- net		(729,353)	(508,862)
- Accelerated tax depreciation and amortization		(1,043,161)	-
		99,498,278	229,437,480
Unused tax losses		(194,434,135)	(196,706,850)
		(94,935,857)	32,730,630
Deferred tax asset not recognised	16.1	227,664,753	208,233,168
Deferred tax liability		132,728,896	240,963,798

## 16.1 Unrecognised deferred tax assets

Deferred tax assets have not been recognised, 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.

Deferred tax asset on unused tax losses will lapse after 6 years of loss occurred, however deferred tax asset on loss of unabsorbed depreciation will be available for indefinite period.

<b>17. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS</b>	2022 (Rupees)	2021
<b>Balance at beginning of the year</b>	32,723,428	27,336,519
Effect of lease modification	(8,436,150)	18,141,316
Interest accrued	1,947,122	2,571,453
Lease rental paid	(20,472,191)	(15,325,860)
<b>Balance at the end of the year</b>	5,762,209	32,723,428
Current portion	5,762,209	14,782,306
Non-current portion	-	17,941,122
	5,762,209	32,723,428

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 17.1 Lease liability is payable as follows:

	2022		
	Less than one year	Between one and two years	Total
	(Rupees)		
Future minimum lease payments	6,308,221	-	6,308,221
Less: Interest relating to the future periods	(546,012)	-	(546,012)
Present value of minimum lease payment	5,762,209	-	5,762,209

	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

17.2 The remaining lease term is 12 months and the present value has been discounted at 12.13% per annum.

## 18. OTHER PAYABLES

	Note	2022	2021
		(Rupees)	
Mark-up due on short term borrowings		46,221,985	890,269
Other accrued expenses	18.1 & 18.2	5,154,422	4,870,993
		51,376,407	5,761,262

18.1 This includes Rs. 0.041 million (2021: Rs. 0.033 million) payable to Arif Habib Limited, a subsidiary company on account of CDC charges.

18.2 This includes Rs. 1.09 million (2021: Rs. 1.19 million) payable to Rotocast Engineering Co. (Pvt) Ltd, a related party on account of monthly expense contribution of utilities and maintenance charges.

## 19. SHORT TERM BORROWINGS - Secured

Running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 2,950 million (2021: Rs. 3,200 million). These facilities have various maturity dates up to 31 December 2022, and are generally renewable. These arrangements are secured against the pledge of marketable securities having margin ranging from 30% to 50%.

These running finance facilities carry mark-up ranging from 1-month KIBOR plus 1% to 3-month KIBOR plus 1.75% per annum (2021: 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. 959 million (2021: Rs. 2,097 million).

The fair value of the Company's investments in listed shares pledged as collateral against short term borrowings amount to Rs. 7,457 million (2021: Rs. 5,080 million) at the year-end.

## 20. TAXATION - NET

	2022	2021
	(Rupees)	
Balance at the beginning of the year	(42,300,846)	27,772,826
Provision for income tax	335,828,421	282,794,679
Tax payments / adjustments made during the year	(263,294,786)	(352,868,351)
Balance at the end of the year	30,232,789	(42,300,846)



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 21. CONTINGENCIES AND COMMITMENTS

### 21.1 Contingencies

**21.1.1** During the year ended June 30, 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 November 2, 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.

**21.1.2** The Company is contesting along with other defendants four suits filed by M/s. Shafi Chemicals Industries Limited (the Plaintiffs) in the year 2002-2003 for damages jointly against Mr. Saleem Chamdia, Mr. Arif Habib, Mr. Aqeel Karim Dedhi, Mr. A. Ghaffar Usman Moosani, Mr. Shahid Ghaffar, the Pakistan Stock Exchange Limited (PSX), the Securities and Exchange Commission of Pakistan (SECP), the Central Depository Company of Pakistan Limited (CDC), Saleem Chamdia Securities (Private) Limited, Arif Habib Corporation Limited, Moosani Securities Limited and Aqeel Karim Dedhi Securities Limited. The suits are for recovery of damages against the decision of the PSX in respect of Risk Management System of its Clearing House during the year 2000. The Chief Executive Officer of the Company was the Chairman of the Board of Directors of PSX during the year 2000. The Company has been made party to the suits by the plaintiffs. Individual liability of respective parties and undertakings is not quantifiable.

The suit was dismissed due to non-prosecution on May 3, 2021, however, the suit was reponed and the Honourable High Court of Sindh, Karachi has fixed the hearing on October 4, 2022.

The legal advisor of the Company is of the opinion that there are reasonable grounds for a favourable decision. According to management, the suit is likely to be dismissed as these are not based on factual or legal basis and no financial liability is expected to accrue as a consequence of the said suits against the Company. Accordingly, no provision has been recognised there against.

**21.1.3** The Company has issued Corporate Guarantee, on behalf of a subsidiary company, namely Sachal Energy Development (Private) Limited (SEDPL), amounting to USD 100 million (The amount outstanding as at the year end amount to USD 50 million) to Industrial Commercial Bank of China in relation to a project financing agreement of SEDPL.

**21.1.4** The Company has issued guarantee of Rs. 677.45 million and Rs. 625 million on behalf of Aisha Steel Mills Limited (ASML) - a related party to secure financing arrangement from Faysal Bank Limited and Habib Metropolitan Bank Limited, respectively. The Company has pledged 24.5 million ordinary shares of Fatima Fertilizer Company Limited valued at Rs. 926.1 million as at year end to Habib Metropolitan Bank Limited against this financing facility availed by ASML.

**21.1.5** The Company has issued Corporate Guarantee on behalf of Power Cement Limited (PCL) to the extent of Rs. 847.68 million issued to secure payment obligations of PCL.

**21.1.6** The Company has pledged 123.85 million shares of Fatima Fertilizers Limited with various banks for running finance facilities obtained by Arif Habib Limited, a subsidiary company. The exposure of this guarantee at reporting date was Rs. 2.87 billion.

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

**21.1.8** For tax related matters, refer note 28 to these unconsolidated financial statements.

### 21.2 Commitments

The Company holds 2.56 billion shares (2021: 2.56 billion) 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

22. REVENUE	Note	2022	2021
		(Rupees)	
Dividend income		1,718,481,260	1,040,011,047
Mark-up income on loans and advances	22.1	79,493,699	29,842,120
Guarantee commission income	22.2	15,293,971	18,879,227
Mark-up income on bank deposits		5,014,076	4,490,409
		<b>1,818,283,006</b>	<b>1,093,222,803</b>
22.1 This represents mark-up income on loans extended to related parties, namely Arif Habib Limited, Aisha Steel Mills Limited, Power Cement Limited, Safe Mix Concrete Limited and Pakarab Fertilizers Limited.			
22.2 This pertains to guarantees issued to related parties namely, Arif Habib Limited, Sachal Energy Development (Private) Limited, Aisha Steel Mills Limited and Power Cement Limited.			
23. GAIN ON REMEASUREMENT OF INVESTMENTS - NET	Note	2022	2021
		(Rupees)	
Long term investment	6.2	2,563,072,568	945,728,980
Short term investment	12.2	(832,863,386)	2,243,239,101
		<b>1,730,209,182</b>	<b>3,188,968,081</b>
24. ADMINISTRATIVE EXPENSES			
Salaries and benefits	24.1	57,709,780	58,433,182
Rent, rates and taxes		2,301,607	3,153,797
Legal and professional charges		2,123,024	3,843,890
Depreciation	4	19,339,647	19,714,956
Amortisation of intangible assets	5	154,740	12,895
Advertisement and business promotion		2,365,553	1,834,374
Repairs and maintenance		7,843,363	7,102,680
Travelling and conveyance		6,192,114	3,651,167
Printing and stationery		3,216,565	2,329,120
Insurance		2,945,470	2,881,231
Electricity		3,649,914	4,501,352
Fees and subscription		3,672,028	3,125,677
Auditor's remuneration	24.2	2,863,296	2,522,016
Communication		1,273,594	1,310,469
Directors' meeting fees		700,000	625,000
Custody and settlement charges		1,997,708	1,641,562
Entertainment		543,579	2,064,425
Others		1,546,928	1,395,336
		<b>120,438,910</b>	<b>120,143,129</b>
24.1 Salaries and benefits include Rs. 2.89 million (2021: Rs. 2.81 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.			
24.2 Auditor's remuneration	Note	2022	2021
		(Rupees)	
Audit fee		1,402,000	1,402,000
Interim review		400,000	400,000
Other services (certifications)		680,000	180,000
Out of pocket expense		169,200	361,536
Sales tax		212,096	178,480
		<b>2,863,296</b>	<b>2,522,016</b>
25. FINANCE COST			
Mark-up on short term borrowings	19	75,121,416	13,672,590
Mark-up on loan from sponsor		-	4,355,592
Interest expense on lease liabilities against right-of-use assets		1,947,122	2,571,453
Bank charges		64,029	28,459
		<b>77,132,567</b>	<b>20,628,094</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

26. OTHER INCOME	Note	2022	2021
		(Rupees)	
<b>Financial assets</b>			
Gain on foreign currency translation		1,859,573	-
<b>Non financial assets</b>			
Gain on disposal of fixed assets		11,564	969,400
Gain on modification of lease	17	696,030	-
		<u>2,567,167</u>	<u>969,400</u>

## 27. OTHER CHARGES

Donations	27.1	40,000	25,000
Impairment against investment in a subsidiary company		-	50,000,000
Loss on foreign currency translation		-	440,744
		<u>40,000</u>	<u>50,465,744</u>

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

## 28. INCOME TAX EXPENSE

	2022	2021
	(Rupees)	
Current		
- for the year	336,993,384	256,637,813
- for prior years	(1,164,963)	26,156,866
	<u>335,828,421</u>	<u>282,794,679</u>
Deferred	(102,652,128)	139,680,962
	<u>233,176,293</u>	<u>422,475,641</u>

28.1 The provision for current year tax represents tax on taxable income under final tax regime as per the applicable rate and minimum tax per annum under normal tax regime. 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.

28.2 During the financial year 2021, 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 July 21, 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 had 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.

28.3 Further, the deemed assessments for the tax years 2016 to 2019 were subsequently modified by the Additional Commissioner Inland Revenue (AdCIR) 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 have remanded back the cases to AdCIR for re-examination and re-consideration of the facts of the cases. For tax year 2019, the Company and AdCIR are contesting the case in Appellate Tribunal Inland Revenue.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 28.4 Relationship between tax expense and accounting profit

	2022 Effective tax rate %	2021	2022 (Rupees)	2021
Profit before tax			3,990,895,144	4,296,539,884
Tax at the applicable tax rate of 29% (2021: 29%)	29%	29%	1,157,359,592	1,245,996,566
Tax effect of:				
Income subject to final tax regime	(6.03%)	(3.39%)	(240,587,376)	(145,601,547)
Income taxed as separate block of income	(5.16%)	(17.46%)	(205,881,385)	(750,315,076)
Prior year	(0.03%)	0.61%	(1,164,963)	26,156,866
Non-deductible expenses	1.44%	1.29%	57,323,103	55,458,720
Minimum tax at 1.25% (2021: 1.5%)	(0.06%)	(0.07%)	(2,567,162)	(2,969,770)
Exempt income	(12.59%)	0.00%	(502,505,142)	-
Super tax	(1.85%)	0.00%	(73,851,753)	-
Change in tax rate	0.81%	0.00%	32,176,700	-
Others	0.32%	(0.15%)	12,874,679	(6,250,118)
	5.84%	9.83%	233,176,293	422,475,641

## 29. EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share is calculated by dividing the profit 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 as at June 30, 2022.

	2022 (Rupees)	2021
Profit for the year	3,757,718,851	3,874,064,243
	(Number)	
Weighted average number of ordinary shares	408,375,000	408,375,000
	(Rupees)	
Earnings per share - basic and diluted	9.20	9.49

## 30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

30.2 The aggregate amounts charged in these unconsolidated financial statements in respect of remuneration including benefits to the Chief Executive, Directors and Executives of the Company are given below:

	Cheif Executive		Directors		Executive employees	
	2022	2021	2022	2021	2022	2021
	(Rupees)					
Managerial remuneration	12,000,000	12,000,000	-	-	19,663,924	18,847,436
Contribution to provident fund	967,740	967,740	-	-	1,221,426	1,189,390
Bonus	2,000,000	3,000,000	-	-	2,607,616	3,673,049
Other perquisites and benefits	600,000	600,000	-	-	3,557,454	4,005,095
Directors' Meeting fee	-	-	700,000	625,000	-	-
Total	15,567,740	16,567,740	700,000	625,000	27,050,420	27,714,970
Number of person(s)	1	1	7*	7*	8	7

\*This includes 4 non-executive directors to whom no directorship meeting fee has been paid during the year.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

**30.3** The Chief Executive 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. 14.13 million (2021: Rs. 17.24 million).

## 31. NET CASH USED IN OPERATIONS

	2022	2021
	(Rupees)	
Profit before income tax	3,990,895,144	4,296,539,884
<b>Adjustments for:</b>		
Depreciation	19,339,647	19,714,956
Amortisation	154,740	12,895
Dividend income	(1,718,481,260)	(1,040,011,047)
Mark-up income on loans and advances	(79,493,699)	(29,842,120)
Mark-up income on bank deposits	(5,014,076)	(4,490,409)
Gain on remeasurement of long term investments	(2,563,072,568)	(945,728,980)
Loss / (gain) on remeasurement of short term investments	832,863,386	(2,243,239,101)
Capital loss on sale of long term investment	37,814,240	-
Impairment loss on an investment	-	50,000,000
Finance cost	77,132,567	20,628,094
Exchange (gain) / loss	(1,859,573)	440,744
Gain on modification of lease	(696,030)	-
Gain on disposal of assets	(11,564)	(969,400)
	(3,401,324,190)	(4,173,484,368)
	589,570,954	123,055,516
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets		
Loans and advances	(1,082,370,917)	(600,272,835)
Prepayments, commission and other receivables	7,746,157	(4,458,662)
Short term investments	(1,041,832,349)	(282,501,073)
	(2,116,457,109)	(887,232,570)
Increase / (decrease) in current liabilities		
Unclaimed dividend	1,867,829	(1,723,849)
Other payables	283,429	(22,945,336)
	2,151,258	(24,669,185)
<b>Net cash used in operations</b>	<b>(1,524,734,897)</b>	<b>(788,846,239)</b>

## 32. CASH AND CASH EQUIVALENTS

	Note	2022	2021
		(Rupees)	
Cash and bank balances	13	41,034,791	296,132,153
Short term borrowings	19	(1,990,793,918)	(1,102,687,110)
		(1,949,759,127)	(806,554,957)

## 33. OPERATING SEGMENTS

Based on internal management reporting structure for the year, no reportable segments were identified that were of continuing significance for decision making. All non-current assets of the Company as at June 30, 2022 are located in Pakistan.

## 34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## Risk management framework

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.

### 34.1 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.

In order to mitigate credit risk, the Company measures loss allowances at an amount equal to lifetime Expected Credit Losses (ECLs), except for debt securities, loan to related parties, bank balances and other financial assets measured at amortised costs for which credit risk has not increased significantly since initial recognition.

#### *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:

	2022	2021
	(Rupees)	
Long term deposits	239,590	139,590
Loan to related parties (short term and long term)	971,742,451	168,904,133
Guarantee commission receivable	3,989,441	4,307,736
Mark-up receivable	56,655,241	15,759,219
Other receivable	4,847,988	11,661,316
Bank balances	40,946,625	296,045,841
	<b>1,078,421,336</b>	<b>496,817,835</b>

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.

#### *Long term deposits*

This include deposit placed with Central Depository Company of Pakistan Limited (CDC) for the purpose of effecting transactions and settlement of listed securities. It is expected that deposits with CDC will be clearly identified as being assets of the Company, hence management believes that it is not materially exposed to credit risk against it. Apart from the above other deposits are with counterparties for provision of continued supply of services. Management does not expect to have any credit risk against such deposits, as it is refundable upon termination of agreement / services from counterparties. Further, this include deposit to Pakistan State Oil Company Limited (PSO) against fuel card. It is expected that deposits with PSO will be adjusted / refunded if needed, hence management does not expect to have any credit risk against such deposits, as it is refundable upon termination of agreement / services from counterparties.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## Loans, mark-up and other receivables

The Company extends loans to its related concerns and follows due process of seeking approval from shareholders as per applicable laws and regulations. Wherever possible, management obtains collateral from counterparties. As loans are mainly provided to related concerns, management is not expecting to incur loss against the same. Mark-up receivable mainly pertains to loans extended to related parties for which the management does not expect to incur any credit loss. Other receivable mainly comprises of receivable on account of guarantee extended to counterparty and does not expect to have material credit risk there against, based on the term of arrangement with parties involved.

The aging analysis of loans, other receivables and mark-up receivable is as follows:

	2022	2021
	(Rupees)	
Not past due	<b>1,032,387,133</b>	195,582,021

## 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:

	Rating Agency	Long term	Short term
Allied Bank Limited	PACRA	AAA	A1+
Askari Bank Limited	PACRA	AA+	A1+
Bank Al Habib Limited	PACRA	AAA	A1+
Bank Alfalah Limited	PACRA	AA+	A1+
BankIslami Pakistan Limited	PACRA	A+	A1
Faysal Bank Limited	PACRA	AA	A1+
Faysal Bank Limited	VIS	AA	A-1+
Habib Bank Limited	VIS	AAA	A-1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
JS Bank Limited	PACRA	AA-	A1+
MCB Bank Limited	PACRA	AAA	A1+
MCB Islamic Bank Limited	PACRA	A	A1
National Bank of Pakistan	PACRA	AAA	A1+
National Bank of Pakistan	VIS	AAA	A-1+
Sindh Bank Limited	VIS	A+	A-1
Soneri Bank Limited	PACRA	AA-	A1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A1+
The Bank of Khyber	PACRA	A	A1
The Bank of Khyber	VIS	A+	A-1
The Bank of Punjab	PACRA	AA+	A1+
United Bank Limited	VIS	AAA	A-1+

## Concentration of credit risk

Details of the concentration of credit risk are as follows:

	2022	2021
	(Rupees)	
Utility companies and CDC	<b>239,590</b>	139,590
Banks	<b>40,946,625</b>	296,045,841
Steel manufacturing company	<b>145,244,885</b>	173,044,995
Mining companies	<b>5,500,000</b>	5,500,000
Power generation company	<b>2,547,645</b>	2,414,655
Cement manufacturing company	<b>36,671,113</b>	376,375
Fertilizer company	<b>841,519,228</b>	-
Real estate management company	-	2,722,849
Brokerage house	<b>904,262</b>	13,748,392
Employees	<b>4,847,988</b>	2,825,138
	<b>1,078,421,336</b>	496,817,835

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

### 34.2 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.

	Carrying amount	Contractual cash flows	2022	
			Up to one year	More than one year
			(Rupees)	
<b>Financial liabilities - Non derivative</b>				
Other payables	5,154,422	5,154,422	5,154,422	-
Unclaimed dividend	19,206,426	19,206,426	19,206,426	-
Short term borrowings (including mark-up due)	2,037,015,903	2,037,015,903	2,037,015,903	-
Lease liability against right of use assets	5,762,209	6,308,221	6,308,221	-
	<b>2,067,138,960</b>	<b>2,067,684,972</b>	<b>2,067,684,972</b>	<b>-</b>
	Carrying amount	Contractual cash flows	2021	
			Up to one year	More than one year
			(Rupees)	
<b>Financial liabilities - Non derivative</b>				
Other payables	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
	<b>1,158,510,397</b>	<b>1,161,189,706</b>	<b>1,142,645,415</b>	<b>18,544,291</b>

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 unconsolidated financial statements.

### 34.3 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

Financial assets	2022		2021	
	(Rupees)	(US Dollars)	(Rupees)	(US Dollars)
Cash in hand	8,167	40	6,312	40
Bank balances	8,185,591	40,094	6,327,873	40,101

The following significant exchange rates were applicable during the year:

	Average rate	2022	
		Reporting date rates	
		Buying	Selling
US Dollars to Pakistan Rupee	176.47	204.17	204.59

	Average rate	2021	
		Reporting date rates	
		Buying	Selling
US Dollars to Pakistan Rupee	163.29	157.80	158.30

## 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 2021.

	Effect on profit or loss	
	2022	2021
	(Rupees)	
As at June 30		
Effect in US Dollars	819,685	633,490

In addition, the Company has also given certain foreign currency guarantees, details of which are given in note 21.

## 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:

	2022	2021	2022	2021
	(Effective interest rate %)		(Rupees)	
<b>Financial assets</b>				
Variable rate financial instruments				
Long term loan to a related party	14.71%	10.49% to 10.60%	134,970,641	163,404,133
Bank balances	12.25%	5.50% to 6.00%	4,596,522	265,904,089
<b>Financial liabilities</b>				
Variable rate financial instruments				
Short term borrowings	12.89% to 15.31%	8.31% to 9.34%	1,990,793,918	1,102,687,110

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 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 and other comprehensive income for the year by the amounts shown below.

	Increase 100 bps	Decrease 100 bps
	Rupees	
<b>As at June 30, 2022</b>		
Cash flow sensitivity - Variable rate financial assets	1,395,672	(1,395,672)
Cash flow sensitivity - Variable rate financial liabilities	19,907,939	(19,907,939)
<b>As at June 30, 2021</b>		
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)

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

2022

Particulars	Interest / mark-up bearing						Non-interest / mark up bearing	Total
	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		

(Rupees)

On balance sheet financial instruments

Financial assets

Investments	-	-	-	-	-	-	24,663,082,480	24,663,082,480
Loans and advances	845,488,556	-	-	14,216,746	106,537,149	966,242,451	285,933,598	1,252,176,049
Long-term deposits	-	-	-	-	-	-	239,590	239,590
Other receivables	-	3,989,441	-	1,720,000	-	5,709,441	4,847,988	10,557,429
Markup receivable	56,655,241	-	-	-	-	56,655,241	-	56,655,241
Cash and bank balances	4,596,522	-	-	-	-	4,596,522	36,438,269	41,034,791
	906,740,319	3,989,441	-	15,936,746	106,537,149	1,033,203,655	24,990,541,925	26,023,745,580

Financial liabilities

Lease liability against right-of-use assets	-	2,883,795	2,878,414	-	-	5,762,209	-	5,762,209
Short-term borrowings	1,990,793,918	-	-	-	-	1,990,793,918	-	1,990,793,918
Unclaimed dividend	-	-	-	-	-	-	17,338,597	17,338,597
Other payables	-	-	-	-	-	-	51,376,407	51,376,407
	1,990,793,918	2,883,795	2,878,414	-	-	1,996,556,127	68,715,004	2,065,271,131

On-balance sheet gap (a) \*

(1,084,053,599)	1,105,646	(2,878,414)	15,936,746	106,537,149	(963,352,472)	24,921,826,921	23,958,474,449
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Off-balance sheet gap (b)

-	-	-	-	-	-	-	-
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Total interest rate sensitivity gap (a+b)

(1,084,053,599)	1,105,646	(2,878,414)	15,936,746	106,537,149	(963,352,472)
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Cumulative interest rate sensitivity gap

(1,084,053,599)	(1,082,947,953)	(1,085,826,367)	(1,069,889,621)	(963,352,472)	(963,352,472)
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# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

2021								
Particulars	Interest / mark-up bearing						Non-interest / mark up bearing	Total
	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		
----- (Rupees) -----								
<b>On balance sheet</b>								
<b>Financial assets</b>								
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
<b>Financial liabilities</b>								
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
Other payables	-	-	-	-	-	-	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
<b>On-balance sheet gap (a) *</b>	(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
<b>Off-balance sheet gap (b)</b>	-	-	-	-	-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>	(806,807,056)	734,573	(3,653,559)	15,497,340	117,029,519	(677,199,183)		
<b>Cumulative interest rate sensitivity gap</b>	(806,807,056)	(806,072,483)	(809,726,042)	(794,228,702)	(677,199,183)	(677,199,183)		

\* 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## Sensitivity analysis

The table below summarises the Company's equity price risk as of June 30, 2022 and 2021 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  (Rupees)	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)	
<b>June 30, 2022</b>	<b>5,447,337,275</b>	<b>30% increase</b>	<b>7,081,538,458</b>	<b>1,389,071,005</b>	<b>1,634,201,183</b>
		<b>30% decrease</b>	<b>3,813,136,093</b>	<b>(1,389,071,005)</b>	<b>(1,634,201,183)</b>
June 30, 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)

## 34.4 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)	
<b>June 30, 2022</b>					
<b>Financial assets measured at fair value</b>					
Equity securities	5,447,337,275	1,980,997,985	12,530,486,628	-	-
	5,447,337,275	1,980,997,985	12,530,486,628	-	-
<b>Financial assets not measured at fair value</b>					
Equity securities	-	-	-	4,704,260,592	-
Cash and bank balances	-	-	-	41,034,791	-
Long term loan to a related party	-	-	-	106,537,149	-
Long term deposits and other receivables	-	-	-	5,087,578	-
Loans and advances	-	-	-	1,144,231,552	-
Mark-up receivable	-	-	-	56,655,241	-
Other receivables	-	-	-	5,709,441	-
	-	-	-	6,063,516,344	-
<b>Financial liabilities not measured at fair value</b>					
Other payables	-	-	-	-	51,376,407
Current portion of lease liability	-	-	-	-	5,762,209
Short term borrowings	-	-	-	-	1,990,793,918
Unclaimed dividend	-	-	-	-	19,206,426
	-	-	-	-	2,067,138,960

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 34.5 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 markup	Long term loan and lease liability including related accrued markup	Fair value reserve	Unappropriated profit	
	(Rupees)				
Balance as at July 1, 2020	694,888,007	27,336,519	20,085,153	9,999,201,190	10,741,510,869
<i>Changes from financing cash flows</i>					
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)
<i>Other changes</i>					
Interest expense	18,028,182	2,571,453	-	-	20,599,635
Interest paid	(41,197,368)	-	-	-	(41,197,368)
Reassessment of lease term	-	18,141,316	-	-	18,141,316
Changes in short term borrowings	431,858,558	-	-	-	431,858,558
Total loan related other changes	408,689,372	20,712,769	-	-	429,402,141
Total equity related other changes	-	-	-	3,874,064,243	3,874,064,243
Balance as at June 30, 2021	1,103,577,379	32,723,428	20,085,153	13,260,702,933	14,417,088,893
<i>Changes from financing cash flows</i>					
Payment of lease liability	-	(20,472,191)	-	-	(20,472,191)
Dividend paid	-	-	-	(1,225,125,000)	(1,225,125,000)
<b>Total changes from financing activities</b>	-	(20,472,191)	-	(1,225,125,000)	(1,245,597,191)
<i>Other changes</i>					
Interest expense	75,121,416	1,947,122	-	-	77,068,538
Interest paid	(29,789,700)	-	-	-	(29,789,700)
Reassessment of lease term	-	-	-	-	-
Gain on modification of lease	-	(696,030)	-	-	(696,030)
Changes in short term borrowings	888,106,808	-	-	-	888,106,808
<b>Total loan related other changes</b>	933,438,524	1,251,092	-	-	934,689,616
<b>Total equity related other changes</b>	-	-	(63,412,741)	3,757,718,851	3,694,306,110
<b>Balance as at June 30, 2022</b>	<b>2,037,015,903</b>	<b>13,502,329</b>	<b>(43,327,588)</b>	<b>15,793,296,784</b>	<b>17,800,487,428</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 35. 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 these unconsolidated 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

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

June 30, 2022								
	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)								
<b>Financial assets measured at fair value</b>								
Long term investments	12,530,486,628	1,950,000,000	-	-	-	12,530,486,628		1,950,000,000
Short term investments	5,447,337,275	30,997,985	-	-	-	5,447,337,275		30,997,985
<b>Financial assets not measured at fair value</b>								
Subsidiary	-	-	-	4,704,260,592	-			
Long term loan to related party	-	-	106,537,149	-	-			
Long term deposits and other receivables	-	-	5,087,578	-	-			
Other receivables	-	-	5,709,441	-	-			
Loans and advances	-	-	1,144,231,552	-	-			
Mark-up receivable	-	-	56,655,241	-	-			
Cash and bank balances	-	-	41,034,791	-	-			
	17,977,823,903	1,980,997,985	1,359,255,752	4,704,260,592	-			
<b>Financial liabilities not measured at fair value</b>								
Lease liability	-	-	-	-	-			
Other payables	-	-	-	-	51,376,407			
Short term borrowings	-	-	-	-	1,990,793,918			
Current portion of lease liability	-	-	-	-	5,762,209			
	-	-	-	-	2,047,932,534			

June 30, 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)								
<b>Financial assets measured at fair value</b>								
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		
<b>Financial assets not measured at fair value</b>								
Subsidiary	-	-	-	2,157,519,772	-			
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	-			
<b>Financial liabilities not measured at fair value</b>								
Lease liability	-	-	-	-	17,941,122			
Other payables	-	-	-	-	5,761,262			
Short term borrowings	-	-	-	-	1,102,687,110			
Current portion of lease liability	-	-	-	-	14,782,306			
	-	-	-	-	1,141,171,800			



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

**35.1** 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.

## **35.2 Measurement of fair values**

### **35.2.1 Associates - at fair value through other comprehensive income**

The following tables show the valuation techniques and assumptions as well as the significant unobservable inputs used.

Type	Date of valuation	Valuation approach and assumptions
Unquoted equity securities - Pakarab Fertilizers Limited	June 30, 2022	<p>Discounted cash flows: The valuation model considers the present value of future cash flow of investee company discounted using arisk adjusted discount rate.</p> <p>The cash flow projection include specific estimates for 5 years. Inputs used: Long term growth rate 4.50% Long term return on equity 20.15%</p> <p>Inter-relationship between significant unobservable Inputs and value measurement</p> <p>The estimated value would increase / (decrease) if: the annual growth rate were higher or lower the EBITDA margin were higher or lower</p> <p>Generally, a change in the annual growth rate is accompanied by a directionally similar change in EBITDA margin.</p>
National Resources (Private) Limited ("NRPL")	June 30, 2022	The Company has valued this investment based on the Share Purchase Agreement (SPA). As per SPA, investment in NRPL will be sold at price agreed between sponsors. Accordingly, that price is considered as the best estimate of fair value of this investment.
Silk Islamic Development (REIT) ("SIDR")	June 30, 2022	The Company has valued this investment on fair value basis using the assumption that as the primary asset of REIT comprises parcels of land (Land) which have been recently purchased by the REIT, The Land has been valued by third party valuer M/s Tristar, which approximates the fair value of consideration paid in respect of purchase of such land as at June 30, 2022 Hence, based on above, the proportionate fair value of the Investment approximates the investment made by the Company in the REIT Units as at June 30, 2022.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

**35.2.2** 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 through other comprehensive income Rupees
Balance at July 1, 2020	1,350,000,000
Investment made during the year	99,993,500
Gain recognised on remeasurement of investment	-
Balance at June 30, 2021	<u>1,449,993,500</u>
Balance at July 1, 2021	<u>1,449,993,500</u>
Loss recognised on remeasurement of investment	<u>(68,995,515)</u>
Balance at June 30, 2022	<u>1,380,997,985</u>

## 35.2.3 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. 1,828 million (2021: Rs. 3,345.87 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).

## 36. 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.

## 37. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of group companies (including subsidiaries and associates companies), 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 terms. 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 30 to the consolidated 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

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

## Subsidiaries

Name of the related party	Transactions during the year	2022	2021
		(Rupees)	
Arif Habib Limited	Services availed	6,403,011	5,932,872
	Loan extended	650,000,000	917,000,000
	Loan repaid	650,000,000	917,000,000
	Markup on loan	7,546,853	-
	Guarantee commission	2,716,555	1,866,104
	Dividend income	412,458,840	103,114,710
Sachal Energy Development (Private) Limited	Guarantee commission	9,830,126	11,255,634

## Associates

Name of the related party	Transactions during the year		
Fatima Fertilizer Company Limited	Dividend income	1,116,500,721	1,435,500,927
MCB-Arif Habib Savings and Investments Limited	Dividend income	102,904,793	97,488,752
Pakarab Fertilizers Limited	Loan extended	813,153,536	-

## Associated companies by virtue of common directorship

Aisha Steel Mills Limited	Loan extended	1,725,000,000	1,630,000,000
	Loan repaid	1,753,433,492	1,630,000,000
	Markup on loan	23,102,714	33,356,858
	Guarantee commission	2,028,465	4,453,511
	Dividend income	58,143,232	-

\* During the year, the Company has also received 43.64 million (2021: nil) bonus ordinary shares from Aisha Steel Mills Limited.

Power Cement Limited	Loan extended	1,000,000,000	462,000,000
	Loan repaid	1,000,000,000	462,000,000
	Markup on loan	3,406,987	922,124
	Guarantee commission	1,037,120	2,037,768
Safe Mix Concrete Limited	Loan extended	173,600,000	-
	Loan repaid	155,481,726	-
	Markup on loan	1,818,274	-
Javedan Corporation Limited	Markup on loan	2,722,849	1,393,518
	Loan extended	-	450,000,000
	Loan repaid	-	450,000,000
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of utilities, insurance and maintenance charges	30,915,948	24,535,762
Arif Habib Dolmen REIT Management Limited	Bank charges recovered	8,814,000	-

Above are considered as associated companies under the Companies Act, 2017 by virtue of common directorship.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

Name of the related party	Transactions during the year	2022 (Rupees)	2021
<b>Others</b>			
Employees retirement benefit - Provident fund	Company's contribution	2,889,362	2,811,526
Key management employees compensation	Salaries and other employee benefits	27,538,811	26,914,160
	Contributions to Provident fund	1,672,116	1,593,192
Mr. Arif Habib	Dividend paid	986,762,901	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	243,018	121,509
Mr. Sirrajuddin Qasim	Meeting fee paid	300,000	225,000
	Dividend paid	689,679	344,840
Ms. Zeba Bakhtiar	Meeting fee paid	200,000	-
	Dividend paid	300	-
Mr. Abdus Samad	Dividend paid	3,018	1,509
Mr. Muhammad Kashif	Dividend paid	105,870	52,935
Mr. Nasim Beg	Dividend paid	15,234	3,117
Mr. Muhammad Ejaz	Dividend paid	363	182
Dr. Shamshad Akhtar	Meeting fee paid	-	200,000
	Dividend paid	-	150

## 38. NUMBER OF EMPLOYEES


Number of persons employed by the Company as on the year end are 25 (2021: 23) and average number of employees during the year are 24 (2021: 24).

## 39. NON-ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors of the Company has proposed a cash dividend of Rs. 4 (2021: Rs. 3) per share amounting to Rs. 1,633,500,000 (2021: Rs. 1,225,125,000) at its meeting held on September 30, 2022 for the approval of the members at the annual general meeting to be held on October 28, 2022. These unconsolidated financial statements for the year ended June 30, 2022 do not include the effect of the proposed final cash dividend which will be accounted in the year ending June 30, 2023.

## 40. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements have been authorised for issue on September 30, 2022 by the Board of Directors of the Company.



Chief Executive Officer



Director



Chief Financial Officer

**AUDITED  
CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2022**





# INDEPENDENT AUDITOR'S REPORT

## To the members of Arif Habib Corporation Limited

### 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 June 30, 2022, 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 June 30, 2022, 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.

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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

### Following are the Key audit matters

S No	Key audit matters	How the matters were addressed in our audit
1.	<p><b>Investments</b></p> <p>(Refer note 10, 11 and 18 to the consolidated financial statements)</p> <p>As at 30 June 2022, the Group has investments classified as "Associates – measured using equity accounting method", "other equity securities - designated as Fair value through other comprehensive income" and "other equity securities designated as Fair value through profit and loss" amounting to Rs. 26.94 billion which in aggregate represent 49.65% of the total assets of the Group. Investments are carried at fair value or using the equity accounting method in accordance with the Group's accounting policy relating to their recognition and subsequent measurement.</p> <p>The valuation of investment is significant to the consolidated financial statements and involves management's judgment and use of key assumptions and estimates and therefore we have considered this to be a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>Tested the design, implementation and operating effectiveness of key controls over the valuation process, including the Group's review and approval of the estimates and assumptions used for the valuation;</li> <li>Tested, on a sample basis, specific purchases and sale transactions recorded during the year by reference to its source;</li> <li>In case of quoted securities, tested the valuation of such securities by agreeing the prices to the externally quoted market prices;</li> <li>In case of unquoted securities, tested the valuation of such securities by involving valuation specialist to evaluate valuation techniques, assumptions and methodologies used by management;</li> <li>Assessed the appropriateness of impairment policy in accordance with the requirements of accounting and reporting standards; and</li> <li>Assessed the relevant disclosures made in the consolidated financial statements to determine whether these complied with the accounting and reporting standards as applicable in Pakistan.</li> </ul>

S No	Key audit matters	How the matters were addressed in our audit
2.	<p><b>Valuation of Investment property</b></p> <p><b>(Refer note 9 to the consolidated financial statements)</b></p> <p>As at June 30, 2022, the Group had an investment in open plots of land / offices amounting, in aggregate, to Rs. 1,592 million. This mainly includes the investment in residential and commercial plots situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi (a real estate project being managed by M/s. Javedan Corporation Limited, a related party).</p> <p>In relation to the above, during the year, the Group recognized a realized gain on sale of investment property amounting to Rs. 940 million (which, as per note 9.1.4 to the consolidated financial statements, includes an unrealized gain previously recognized as at June 30, 2021 amounting to Rs. 575 million). In addition to this, as at June 30, 2022, the Group recognized an unrealized gain on investment property held as of that date, amounting to Rs. 646 million (as disclosed in note 9.1.4 to the consolidated financial statements). It is the Group's policy to state the investment property at fair value determined by an independent external valuation expert.</p> <p>Due to the significance of the estimate and the basis of assessment for valuation made by the valuer and the amount of gain realized on disposal, we considered this as the key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>We assessed the competence, capability and objectivity of the external valuation expert engaged by the management;</li> <li>We read the property valuation report issued by the management's expert and confirmed the valuation approach followed by the valuer was in accordance with the applicable financial reporting framework and suitable for use in determining the fair value for the purpose of the consolidated financial statements;</li> <li>We have satisfied ourselves that the valuation methodology used by the management's expert has been applied consistently to all the properties valued.</li> <li>We compared the carrying amount of the properties in the consolidated financial statements to the fair value of such properties reflected in the valuation report issued by the management's expert;</li> <li>We performed necessary procedures to ascertain whether the values assigned to the properties by the valuer are closely aligned to those determined through independent sources; and</li> <li>We evaluated whether disclosures in the consolidated financial statements relating to the investment properties were in accordance with the applicable financial reporting framework.</li> </ul>

### **Information Other than the 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, but does not include the consolidated and unconsolidated financial statements and our auditor's reports 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 is responsible for overseeing the Group's financial reporting process.

### **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.

#### **Other Matter**

The consolidated financial statements of the Group for the year ended June 30, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on October 01, 2021.

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



**Chartered Accountants  
Karachi**

**Date:** 06 October 2022

**UDIN:** AR202210059YKd1jhgUA

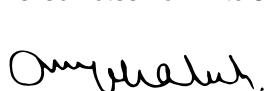


# STATEMENT OF CONSOLIDATED FINANCIAL POSITION

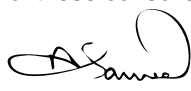
As at 30<sup>th</sup> June 2022

	Note	2022 (Rupees)	2021
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	15,670,619,559	13,925,492,267
Intangible assets	6	1,941,485	2,602,558
Goodwill	7	910,206,117	910,206,117
Trading right entitlement certificate, membership cards and offices	8	5,600,000	8,100,000
Investment properties	9	1,657,331,341	1,968,800,000
Equity accounted investees	10	15,574,980,504	14,581,256,714
Other long term investments	11	642,745,423	54,754,771
Long term loan to related party	12	106,537,149	134,970,641
Long term deposits and other receivables	13	20,499,190	35,083,233
		<b>34,590,460,768</b>	<b>31,621,266,301</b>
<b>CURRENT ASSETS</b>			
Trade debts	14	4,179,622,743	4,539,307,282
Loans and advances	15	1,149,316,418	644,882,338
Deposits and prepayments	16	82,241,103	164,004,678
Receivable under margin trading system		9,233,629	29,364,547
Accrued mark-up and other receivables	17	862,366,406	875,216,540
Short term investments	18	10,710,609,048	7,979,301,812
Cash and bank balances	19	2,586,858,066	3,913,744,772
		<b>19,580,247,413</b>	<b>18,145,821,969</b>
Assets classified as held for sale	20	80,673,277	-
<b>TOTAL ASSETS</b>		<b>54,251,381,458</b>	<b>49,767,088,270</b>

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF CONSOLIDATED FINANCIAL POSITION

As at 30<sup>th</sup> June 2022

	Note	2022 (Rupees)	2021
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital	21	10,000,000,000	10,000,000,000
<b>Share capital</b>			
Issued, subscribed and paid-up share capital	21	4,083,750,000	4,083,750,000
<b>Capital reserve</b>			
Surplus on revaluation	22	15,432,500	15,432,500
<b>Fair value reserve</b>			
		-	19,404,859
<b>Revenue reserves</b>			
General reserve	23	4,019,567,665	4,019,567,665
Unappropriated profit		23,920,777,173	21,867,169,830
<b>Equity attributable to owners of the Parent Company</b>		<b>32,039,527,338</b>	<b>30,005,324,854</b>
Non-controlling interest	24	3,570,144,157	2,885,565,940
<b>TOTAL EQUITY</b>		<b>35,609,671,495</b>	<b>32,890,890,794</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term loans - secured	25	7,914,826,418	7,437,261,481
Land lease liability	26	11,094,657	10,710,114
Lease liability against right-of-use assets	27	3,683,389	21,466,537
Loan under State Bank of Pakistan scheme	28	-	9,654,142
Staff retirement benefits	29	33,327,829	23,064,751
Deferred taxation - net	30	2,369,239,920	1,808,391,130
		<b>10,332,172,213</b>	<b>9,310,548,155</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	31	1,267,311,521	1,983,092,284
Accrued mark-up		204,691,207	79,028,184
Sales tax payable		134,898,204	167,558,320
Short term borrowings	32	4,422,763,535	3,437,053,359
Current portion of long term loans - secured	25	2,060,000,000	1,583,000,000
Current portion of lease liability against right-of-use assets	27	21,656,279	41,479,177
Current portion of loan under State Bank of Pakistan scheme	28	9,654,142	15,369,743
Current portion of land lease liability	26	1,360,000	1,360,000
Payable against purchase of investment - net		21,078,278	53,758,623
Taxation - net		127,134,106	171,691,021
Unclaimed dividend		38,371,131	32,258,610
		<b>8,308,918,403</b>	<b>7,565,649,321</b>
Liabilities directly associated with assets classified as held for sale	20	619,347	-
<b>TOTAL LIABILITIES</b>		<b>18,641,709,963</b>	<b>16,876,197,476</b>
Contingencies and commitments	33		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>54,251,381,458</b>	<b>49,767,088,270</b>

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF CONSOLIDATED PROFIT OR LOSS

For the year ended 30<sup>th</sup> June 2022

	Note	2022 (Rupees)	2021
Revenue	34	5,408,346,405	5,591,451,204
(Loss) / gain on remeasurement of investments - net	35	(1,296,491,365)	2,466,180,266
Gain on remeasurement of investment properties	9	71,212,860	290,384,768
Gain on sale of investments - net		672,016,660	1,277,600,167
Gain on sale of investment properties		940,000,000	500,000
		5,795,084,560	9,626,116,405
Cost of energy sales	36	(1,300,470,724)	(1,300,817,991)
Administrative expenses	37	(815,626,251)	(871,549,258)
Other income	38	36,740,152	41,721,544
Finance cost	39	(887,897,701)	(781,263,678)
Other charges	40	(85,437,319)	(24,568,948)
		2,742,392,717	6,689,638,074
Share of profit of equity accounted investees - net of tax	10.6	2,309,547,671	2,607,451,994
<b>Profit before tax</b>		<b>5,051,940,388</b>	<b>9,297,090,068</b>
Income tax expense	41	(1,043,303,344)	(903,571,195)
<b>Profit from continuing operations</b>		<b>4,008,637,044</b>	<b>8,393,518,873</b>
<b>Discontinued operation</b>			
Profit from discontinued operation, net of tax		2,056,844	1,799,766
<b>Profit for the year</b>		<b>4,010,693,888</b>	<b>8,395,318,639</b>
<b>Profit attributable to:</b>			
Equity holders of the Parent Company - continuing operations		3,472,114,885	7,485,214,342
Equity holders of the Parent Company - discontinued operation	20	1,413,054	1,249,758
		3,473,527,939	7,486,464,100
Non-controlling interests - continuing operations		536,522,159	908,304,531
Non-controlling interests - discontinued operation	20	643,790	550,008
		537,165,949	908,854,539
		4,010,693,888	8,395,318,639
<b>Earnings per share - basic &amp; diluted</b>			
For continuing operations		8.50	18.33
For discontinued operation		0.00	0.00
	42	8.50	18.33

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the year ended 30<sup>th</sup> June 2022

	2022 (Rupees)	2021
<b>Profit for the year</b>	<b>4,010,693,888</b>	8,395,318,639
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to consolidated statement of profit or loss</i>		
Share of other comprehensive (loss) / income of equity accounted investees - net of tax	(19,072,412)	453,422
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss</i>		
Share of other comprehensive (loss) / income of equity accounted investees - net of tax	(1,769,635)	2,219,867
Loss on investment in equity securities at FVOCI - net	(26,314,980)	(211,455,600)
	(28,084,615)	(209,235,733)
Other comprehensive loss for the year - net of tax	(47,157,027)	(208,782,311)
<b>Total comprehensive income</b>	<b>3,963,536,861</b>	8,186,536,328
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Parent Company - continuing operations	3,432,999,715	7,341,052,862
Equity holders of the Parent Company - discontinued operation	1,413,054	1,249,758
	3,434,412,769	7,342,302,620
Non-controlling interests - continuing operations	528,480,302	843,683,700
Non-controlling interests - discontinued operation	643,790	550,008
	529,124,092	844,233,708
	<b>3,963,536,861</b>	8,186,536,328

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

For the year ended 30<sup>th</sup> June 2022

	Equity attributable to owners of the Parent Company						Non-controlling interests	Total equity
	Issued subscribed and paid-up share capital	Capital reserve	Fair value reserve *	Revenue reserves				
		Surplus on revaluation		General reserve	Unappropriated profit	Total		
	(Rupees)							
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	8,395,318,639
Other comprehensive income / (loss)	-	-	(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
Total comprehensive income for the year								
Profit for the year	-	-	-	-	3,473,527,939	3,473,527,939	537,165,949	4,010,693,888
Other comprehensive loss	-	-	(18,273,123)	-	(20,842,047)	(39,115,170)	(8,041,857)	(47,157,027)
	-	-	(18,273,123)	-	3,452,685,892	3,434,412,769	529,124,092	3,963,536,861
Gain / (loss) realised on disposal of equity securities at FVOCI	-	-	(1,131,736)	-	1,629,805	498,069	(498,069)	-
	-	-	(19,404,859)	-	3,454,315,697	3,434,910,838	528,626,023	3,963,536,861
Transactions with owners recorded directly in equity								
Distributions								
Final cash dividend at the rate of Rs. 3 per share for the year ended 30 June 2021	-	-	-	-	(1,225,125,000)	(1,225,125,000)	-	(1,225,125,000)
Distribution by a subsidiary (AHL)	-	-	-	-	-	-	(181,541,160)	(181,541,160)
Disposal of equity interest in subsidiary without change in control	-	-	-	-	(175,583,354)	(175,583,354)	337,493,354	161,910,000
Balance as at 30 June 2022	4,083,750,000	15,432,500	-	4,019,567,665	23,920,777,173	32,039,527,338	3,570,144,157	35,609,671,495

\* 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 54 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer



# STATEMENT OF CONSOLIDATED CASH FLOWS

For the year ended 30<sup>th</sup> June 2022

	Note	2022 (Rupees)	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	44	710,887,451	5,300,851,496
Income taxes paid		(527,861,094)	(523,104,367)
Mark-up received		182,915,156	117,109,342
Finance cost paid		(590,172,427)	(708,600,837)
Land lease rent paid		(1,360,000)	(1,360,000)
Gratuity paid		(1,420,774)	(2,629,441)
<b>Net cash (used in) / generated from operating activities</b>		<b>(227,011,688)</b>	<b>4,182,266,193</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		(32,858,985)	(28,217,414)
Acquisition of intangible assets		-	(618,990)
Dividend from equity accounted investee		1,219,405,514	1,532,989,679
Acquisition of investment property		(64,942,880)	(152,500,000)
Development charges incurred in relation to investment property		(22,375,601)	-
Investment in equity accounted investee		-	(99,993,500)
Proceeds from disposal of investment property		1,410,000,000	153,000,000
Proceeds from sale of property, plant and equipment		44,497	1,366,000
Disposal of equity interest in subsidiary without change in control		161,910,000	-
<b>Net cash generated from investing activities</b>		<b>2,671,182,545</b>	<b>1,406,025,775</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term loan		(1,847,500,000)	(2,058,637,261)
Loan repaid to sponsor		(626,314,980)	(300,000,000)
Proceeds from loan under State Bank of Pakistan scheme		-	15,754,164
Repayment of loan under State Bank of Pakistan scheme		(15,369,744)	(5,715,602)
Distribution by subsidiary to non-controlling interest		(181,541,160)	(45,385,290)
Dividend paid		(1,225,125,000)	(612,562,500)
Lease rentals paid		(60,916,855)	(35,730,327)
<b>Net cash used in financing activities</b>		<b>(3,956,767,739)</b>	<b>(3,042,276,816)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(1,512,596,882)</b>	<b>2,546,015,152</b>
Cash and cash equivalents at beginning of the year		476,691,413	(2,069,323,739)
<b>Cash and cash equivalents at end of the year</b>	45	<b>(1,035,905,469)</b>	<b>476,691,413</b>

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 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 2022 comprise of the Parent Company and following subsidiary and associate companies (here-in-after referred to as "the Group"):

<i>Name of Subsidiary Companies</i>	<i>% of effective holding</i>	
	2022	2021
- Arif Habib Limited, a brokerage house	63.01%	69.44%
- Arif Habib Commodities (Private) Limited, investment management of commodities [wholly owned subsidiary of Arif Habib Limited]	63.01%	69.44%
- Arif Habib 1857 (Private) Limited, investments and share brokerage company [wholly owned subsidiary of Arif Habib Limited]	63.01%	69.44%
- Sachal Energy Development (Private) Limited, a wind power generation company	85.83%	85.83%
- Black Gold Power Limited, a coal power generation company	100%	100%
<i>Name of Associates</i>		
- MCB - Arif Habib Savings and Investments Limited, a pension fund manager, asset management company and investment advisor	30.09%	30.09%
- Fatima Fertilizer Company Limited, a fertilizer company	15.19%	15.19%
- Pakarab Fertilizers Limited, a fertilizer company	30.00%	30.00%
- National Resources (Private) Limited	-	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).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

- 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. BGPL holds coal allocation from Sindh Engro Coal Mining Company being developed at Thar Block II to be used for 660 MW Thar Coal based power project to be constructed, commissioned and operated at Thar Block II. BGPL has not carried out any significant commercial or business activity. During the year, there was no project development as tariff proposed is not desirable for BGPL. The current tariff offered is not attractive to BGPL and once the tariff is revised, BGPL will re-conduct the feasibility of project. Management believes that the project is doable and profitable under the revised conditions with the Government.
- As at 30 June 2022, the BGPL has reported accumulated losses of Rs. 55.19 million (2021: Rs. 54.79 million) and its total liabilities exceeded its total assets by Rs. 5.19 million (2021: Rs. 4.79 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 (2021: AM1) by the Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on October 6, 2021. The fund under management is Rs. 175.57 billion (2021: Rs. 155.40 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 Sheikhpura road, Pakistan.
- 1.1.7.1** Fatima Fertilizer Company Limited (FFCL) and Pakarab Fertilizers Limited (PFL) had entered into an agreement dated 1 December 2018 ('the agreement') for acquisition of production and operating plants including Ammonia, Nitric Acid, Urea, Calcium Ammonium Nitrate, Nitrophos and Clean Development Mechanism along with installed catalyst ('PFL assets') and all costs and benefits associated with ECC approved gas arrangement available with PFL. The agreement was signed pursuant to the approval given by the shareholders in the Extra Ordinary General Meeting held on 19 November 2018. Subsequent to the year end, the regulatory approvals required for transfer of above mentioned PFL assets has been obtained and above mentioned assets have been transferred in the name of the FFCL with effect from 1 September 2020. With completion of this transaction, the FFCL via its three plants in operations at Sadiqabad, Multan and Sheikhpura is operational with cumulative capacity of 2.57 million MT/year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

**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, NRPL is in its pre-feasibility stage and has not yet commenced its operations and has yet to apply for a mining license (refer note 20.1).

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

**2.1.1** 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;
- 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.1.2** 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 Accounting Standards (IAS) 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 ECL on trade debts due from Central Power Purchasing Agency Guarantee Limited ("CPPA-G") and recoverable from CPPA-G, which is Government owned entity has not been incorporated in these consolidated financial statements impact of ECL on financial assets not covered under exemption was not material and accordingly has not been included in these consolidated financial statements.

### 2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated below in the below mentioned accounting policy notes.

### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 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:

- Fair value and classification of investment (note 4.20)
- Derivate financial instruments (note 4.3)
- Impairment of non-financial assets (note 4.20.1.2)
- Taxation (note 4.6)
- Property, plant and equipment (note 4.7)
- Investment properties (note 4.8)
- Intangible assets (note 4.9)
- Provisions (note 4.19)
- Goodwill (note 4.2.1)

## 3. Changes in accounting standards, interpretations and pronouncements

### 3.1 Amendments to accounting and reporting standards that became effective during the year

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Group's annual accounting period which began on July 1, 2021. However, these do not have any significant impact on the Group's financial reporting.

### 3.2 Standard and amendments to accounting and reporting standards that are not yet effective

There is a standard and certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2022. However, these will not have any impact on the Group's financial reporting and, therefore, have not been disclosed in these consolidated financial statements.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 4.1 Right of use assets and related lease liabilities

#### 4.1.1 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

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.

## 4.1.2 Lease Liabilities

The Group 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 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 payments or 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 exercise (or not to exercise) 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 Basis of consolidation and equity accounting

### 4.2.1 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 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.

### 4.2.2 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

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.

## 4.2.3 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.

## 4.2.4 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.

## 4.2.5 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.

## 4.3 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 4.4 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.

## 4.5 Staff retirement benefits

The Group operates following retirement and other benefit schemes:

### 4.5.1 Defined contribution plan

AHCL, AHL and AHCPL operates a recognised provident fund for all its eligible permanent employees. Equal monthly contributions are made by the Group companies and its employees to the fund at the rate of 12.50% of basic salary per annum.

### 4.5.2 Gratuity

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 prorated 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.

## 4.6 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 SEDPL 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, SEDPL 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

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 consolidated 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 SEDPL 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).

### 4.7 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 Accounting Standards (IAS - 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 5.1 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 5.1. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

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.

## Major stores and spares (Capital Spares)

Spare parts, stand-by equipment and servicing equipment which qualify as property, plant and equipment when an entity expects to use them during more than one year are classified as operating fixed assets under category of major stores and spares.

## 4.8 Investment properties

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 condition of the specific asset. Valuations wherever needed are performed as of the reporting date by professional 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.

## 4.9 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.

### 4.9.1 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 4.10 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.

## 4.11 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.

## 4.12 Trade receivables

Trade debts are stated at original invoice amount as reduced by appropriate provision for impairment. Trade debts are amount receivable from customer for goods transferred for services performed in the ordinary course of business. Other receivables generally arise from the transactions outside the usual operating activities of the Company. If collection is expected in one year or less, they are classified as current assets. If not, presented as non-current assets.

## 4.13 Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid, in consideration for goods and services received.

## 4.14 Trade debts and receivables against margin financing

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized on the settlement date as this is the point in time that the payment of the consideration by the customer becomes due.

## 4.15 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.

## 4.16 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs are directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 4.17 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## 4.18 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.
- Brokerage, consultancy and advisory fee, etc. are recognised as and when such services are provided.
- Commission revenue arising from sales / purchase of securities on clients' behalf is recognized on the date of settlement of the transaction by the clearing house.
- 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.

- Revenue from sale of gold standard certified emission reductions ("GSCERs") are considered as income from ordinary activities of the company and are recognised when GSCERs are sold to the customer.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 4.19 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.

## 4.20 Financial instruments

### 4.20.1 Financial assets

All financial assets are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized on trade-date – the date on which the Group commits to purchase or sell the asset.

#### 4.20.1.1 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 4.20.1.2. 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 4.20.1.2, 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 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.

### 4.20.1.2 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.

### 4.20.1.3 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.

### 4.20.1.4 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 4.20.1.5 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.

## 4.20.1.6 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.

## 4.20.1.7 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.

## 4.20.1.8 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.

## 4.20.1.9 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 4.20.2 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.

## 4.20.3 Financial liabilities

**4.20.3.1** 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.

### 4.20.3.2 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.

## 4.21 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.

## 4.22 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 4.23 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'.

Non-monetary assets and liabilities, denominated in foreign currency that are measured at fair value are translated using exchange rate at the date the fair values are determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations, are translated to Pakistan Rupees at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to Pakistan Rupees at exchange rates at the dates of the transactions. Foreign currency differences are recognised in consolidated statement other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity except to the extent that the translation differences is allocated to Non Controlling Interest (NCI). When a foreign operation is disposed off in its entirety or partially such that control or significant influence is lost, the cumulative amount in translation reserve related to that foreign operation is reclassified to consolidated statement of profit or loss as part of gain or loss on disposal. If group retain control then it is reattributed to NCI. When group retain significant influence the relative portion of cumulative amount is reclassified to consolidated statement of profit or loss.

## 4.24 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.

## 4.25 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.

## 4.26 Other receivables

Other receivables are stated initially at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

## 4.27 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 4.28 Dividend and appropriation to reserve

Dividend distribution to shareholders and appropriation to reserves are authorised in the consolidated financial statements in the period in which these are approved.

5. PROPERTY, PLANT AND EQUIPMENT	Note	2022 (Rupees)	2021
Operating fixed assets	5.1	15,627,739,395	13,866,866,205
Right-of-use assets	5.2	42,880,164	58,626,062
		<b>15,670,619,559</b>	<b>13,925,492,267</b>

## 5.1 Operating fixed assets

	Leasehold buildings and improvements	Furniture, fixtures and fittings	Vehicles Owned	Plant and machinery	Office equipment	Computer and allied equipment	Total
	(Rupees)						
<b>COST</b>							
Balance as at 01 July 2021	202,708,984	15,380,658	62,775,101	17,138,332,345	7,620,852	56,710,076	17,483,528,016
Additions during the year	-	5,638,670	5,918,800	-	3,459,316	17,824,755	32,841,541
Disposals	-	(20,378)	-	-	-	(30,000)	(50,378)
Exchange loss	-	-	-	2,649,500,000	-	-	2,649,500,000
<b>Balance as at 30 June 2022</b>	<b>202,708,984</b>	<b>20,998,950</b>	<b>68,693,901</b>	<b>19,787,832,345</b>	<b>11,080,168</b>	<b>74,504,831</b>	<b>20,165,819,179</b>
<b>DEPRECIATION</b>							
Balance as at 01 July 2021	148,375,776	3,428,566	38,698,482	3,387,584,302	3,371,888	35,202,797	3,616,661,811
Charge for the year	8,149,982	2,337,449	5,325,070	893,439,593	998,700	11,184,624	921,435,418
Disposals / transfers	-	(4,342)	-	-	-	(13,103)	(17,445)
<b>Balance as at 30 June 2022</b>	<b>156,525,758</b>	<b>5,761,673</b>	<b>44,023,552</b>	<b>4,281,023,895</b>	<b>4,370,588</b>	<b>46,374,318</b>	<b>4,538,079,784</b>
<b>Written down value as at 30 June 2022</b>	<b>46,183,226</b>	<b>15,237,277</b>	<b>24,670,349</b>	<b>15,506,808,450</b>	<b>6,709,580</b>	<b>28,130,513</b>	<b>15,627,739,395</b>
<b>COST</b>							
Balance as at 01 July 2020	202,708,984	8,630,124	62,788,701	17,894,182,345	7,706,654	39,218,804	18,215,235,612
Additions during the year	-	8,984,521	463,900	-	757,368	18,011,625	28,217,414
Disposals	-	(2,233,987)	(477,500)	-	(843,170)	(520,353)	(4,075,010)
Exchange gain	-	-	-	(755,850,000)	-	-	(755,850,000)
<b>Balance as at 30 June 2021</b>	<b>202,708,984</b>	<b>15,380,658</b>	<b>62,775,101</b>	<b>17,138,332,345</b>	<b>7,620,852</b>	<b>56,710,076</b>	<b>17,483,528,016</b>
<b>DEPRECIATION</b>							
Balance as at 01 July 2020	139,395,881	2,572,167	32,763,107	2,476,076,721	3,258,817	29,917,988	2,683,984,681
Charge for the year	8,979,895	1,416,547	6,016,275	911,507,581	717,750	5,767,698	934,405,746
Disposals / transfers	-	(560,148)	(80,900)	-	(604,679)	(482,889)	(1,728,616)
<b>Balance as at 30 June 2021</b>	<b>148,375,776</b>	<b>3,428,566</b>	<b>38,698,482</b>	<b>3,387,584,302</b>	<b>3,371,888</b>	<b>35,202,797</b>	<b>3,616,661,811</b>
<b>Written down value as at 30 June 2021</b>	<b>54,333,208</b>	<b>11,952,092</b>	<b>24,076,619</b>	<b>13,750,748,043</b>	<b>4,248,964</b>	<b>21,507,279</b>	<b>13,866,866,205</b>
Rates of depreciation (%)	5 - 15	10 - 15	20	5 - 6.76	15 - 20	33	-

**5.1.1** Carrying value of plant and machinery at June 30, 2022 includes foreign exchange loss of Rs. 6.31 billion (2021: Rs. 3.93 billion). Exchange loss of Rs. 2.65 billion have been recorded in the carrying value of plant and machinery in the current year (2021: gain of Rs. 755.85 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 September 2, 2019 under which all companies that have executed their power purchase agreements before January 01, 2019 are entitled to that exemption.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 5.2 Right-of-use assets

### Cost

	2022 (Rupees)	2021
Balance as at July 1	125,626,843	100,944,658
Additions during the year	26,785,352	6,540,869
Effect of lease modification	(7,740,119)	18,141,316
<b>Balance as at June 30</b>	<b>144,672,076</b>	<b>125,626,843</b>

### Depreciation

Balance as at July 1	67,000,781	32,970,794
Charge for the year	34,791,131	34,029,987
<b>Balance as at June 30</b>	<b>101,791,912</b>	<b>67,000,781</b>
<b>Written down value as at June 30</b>	<b>42,880,164</b>	<b>58,626,062</b>

Rates of depreciation (%)	20 - 33	20 - 33
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5.2.1 The Group has multiple lease arrangements for its office building and regional offices in multiple cities across Pakistan.

5.3 The depreciation charge for the year has been allocated as follows:

	Note	2022 (Rupees)	2021
Cost of energy sales	36	893,439,593	911,507,581
Administrative expenses	37	62,786,956	56,928,152
		<b>956,226,549</b>	<b>968,435,733</b>

## 6. INTANGIBLE ASSETS

### Computer Software

#### Cost

	2022 (Rupees)	2021
Opening balance	10,273,911	9,654,921
Additions during the year	-	618,990
<b>Closing balance</b>	<b>10,273,911</b>	<b>10,273,911</b>

#### Amortisation

Opening balance	7,671,353	7,253,115
Amortisation for the year	661,073	418,238
<b>Closing balance</b>	<b>8,332,426</b>	<b>7,671,353</b>

<b>Written down value as at 30 June</b>	<b>1,941,485</b>	<b>2,602,558</b>
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Rates of amortisation (%)	25 - 33	25 - 33
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6.1 Intangible assets comprise of windows license and computer software.

6.2 The amortisation charge has been allocated to administrative expenses (note 37).

## 7. 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	2022 (Rupees)	2021
Arif Habib Limited	7.1	838,683,576	838,683,576
Sachal Energy Development (Private) Limited	7.2	71,522,541	71,522,541
		<b>910,206,117</b>	<b>910,206,117</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 7.1 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	June 30, 2022	<p>Free cash flows:</p> <p>The valuation model considers the present value of free cash flow of subsidiary company discounted using a risk-adjusted discount rate.</p> <p>The cash flow projection include specific estimates for 4 years.</p> <p>Inputs used:  Long term growth rate  Long term return on equity</p>	<p>The estimated fair value would increase / (decrease) if:</p> <ul style="list-style-type: none"> <li>- the annual growth rate were higher or lower</li> <li>- the EBITDA margin were higher or lower</li> </ul> <p>Generally, a change in the annual growth rate is accompanied by a directionally similar change in EBITDA margin.</p> <p>5% 17.94%</p>

## 7.2 Impairment testing of goodwill relating to Sachal Energy Development (Private) Limited (SEDPL)

The recoverable amount of the business operations of SEDPL (cash generating unit) have been determined by dividend discount model which is a quantitative method used for predicting the price of a Company's stock based on the theory that its present-day price is worth the sum of all of its future dividend payments when discounted back to their present value covering period from 2023 to 2037.

The calculation of 'dividend discount model' for the business operations is most sensitive to the following assumptions:

### Revenue growth (Tariff rate)

Revenue growth assumptions have been derived from the projections prepared by management taking into account the tariff fixed by regulatory authority. Management is of the view that these assumptions are reasonable considering the current market conditions.

### Cost of supply of services and gross margins

Cost of supply of power has been projected on the basis of multiple strategies planned by management to ensure profitable operations. These strategies include cost cutting mechanism such as reducing maintenance cost, and increasing efficiency of power supply etc. resulting in improved gross margins over the forecasted period.

### Financial charges

Financial cost has projected based on the long term and short term financing arrangement made by the SEDPL. Finance cost is expected to be reduced due to payments of semi-annually instalments.

### Discount rate

Discount rates reflect management's estimate of the rate of return required for the business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rate (cost of equity) is calculated by using the Capital Asset Pricing Model (CAPM). The Group has applied discount rate of 20.25% to estimated future dividends.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## Sensitivity to changes in other assumptions

Management believes that reasonable possible changes in other assumptions used to determine the recoverable amount of the cash generating units will not result in an impairment of goodwill.

8. TRADING RIGHT ENTITLEMENT CERTIFICATE, MEMBERSHIP CARD AND OFFICES	Note	2022 (Rupees)	2021
Trading right entitlement certificate			
Cost		26,000,000	35,500,000
Impairment		(23,500,000)	(30,500,000)
	8.1	2,500,000	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
		5,600,000	8,100,000

**8.1** 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.

**8.2** 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.

9. INVESTMENT PROPERTIES	Note	2022 (Rupees)	2021
Open plots of land / offices - at fair value	9.1	1,592,388,461	1,968,800,000
Residential flats under construction - at cost	9.2	64,942,880	-
		1,657,331,341	1,968,800,000

9.1 Open plots of land / offices - at fair value	Note	2022 (Rupees)	2021
Opening carrying amount (at fair value)		1,968,800,000	1,678,415,232
Realized gain on disposal		940,000,000	500,000
		2,908,800,000	1,678,915,232
Sale during the year	9.1.2	(1,410,000,000)	(153,000,000)
Purchase of plots in Naya Nazimabad project during the year		-	152,500,000
Development charges incurred during the year (subsequent expenditure)		22,375,601	-
		(1,387,624,399)	(500,000)
		1,521,175,601	1,678,415,232
Net change in unrealized gain during the year	9.1.4	71,212,860	290,384,768
Closing carrying amount	9.1.3	1,592,388,461	1,968,800,000

### 9.1.1 Open plots of land / offices comprise of the following:

Open plots of land:	8 residential and 5 commercial plots situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi (a real estate project being managed by M/s. Javedan Corporation Limited, a related party)
Offices:	Offices bearing no. 60, 61, 62, 63 and 64 situated at first floor of the building complex of PSX, office bearing no. 220 situated at Lahore Stock Exchange Plaza and offices bearing no. 106, 113, 203, 409 situated in the Lahore Stock Exchange - South Tower.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

**9.1.2** During the year, AHL sold its 47 residential plots located at Block A, Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi to its related party, M/s. Javedan Corporation Limited for an aggregate sale consideration of Rs. 1,410 million.

**9.1.3** The valuation of the investment properties was carried out by an independent external property valuer having appropriate recognised qualification and relevant experience according to which the aggregate fair value and forced sale value of the properties as at 30 June 2022 were Rs. 1,592.39 million (2021: Rs.1,968.8 million) and Rs. 1,241.88 million (2021: Rs. 1,673.48 million), respectively.

<b>9.1.4 Net change in unrealized gain during the year</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>(Rupees)</b>	
Increase in fair value of open plots / offices held at year end		<b>646,212,860</b>	290,384,768
Less: Decrease in unrealized gain upon sale	9.1.4.1	<b>(575,000,000)</b>	-
		<b>71,212,860</b>	290,384,768

**9.1.4.1** This represent the unrealized gain previously recognized (i.e. as at June 30, 2021) in relation to 47 residential plots sold during the year to M/s. Javedan Corporation Limited, a related party (refer also note 9.1.2 to these consolidated financial statements).

## **9.2. Residential flats under construction - at cost**

This represents the aggregate of the initial down payment and subsequent periodic payments made to M/s. Javedan Corporation Limited, a related party, in respect of the purchase of 20 residential flats in Global Residency real estate project situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi. Total agreed purchase consideration of these flats amounts to Rs. 377 million which is to be settled in 55 unequal installments of varying frequency.

Since, the flats are presently under construction, their fair value cannot be reliably measured. As a result, AHL has elected to measure such investment at cost.

For financial commitment relating to the above referred periodic payments yet to be made to M/s. Javedan Corporation Limited, please refer note 33.2.2 to these consolidated financial statements.

<b>10. EQUITY ACCOUNTED INVESTEEES</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>(Rupees)</b>	
Fatima Fertilizer Company Limited (FFCL)	10.1 & 10.4.1	<b>15,143,342,092</b>	13,999,653,270
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	10.2 & 10.4.2	<b>431,638,412</b>	482,381,693
National Resources (Private) Limited (NRPL)	20.1 & 10.4.3	-	99,221,751
Pakarab Fertilizers Limited (PFL)	10.3	-	-
		<b>15,574,980,504</b>	14,581,256,714

**10.1** Investment in FFCL represents 15.19% (2021: 15.19%) of FFCL's paid up share capital as at 30 June 2022. These includes 120,300,000 shares (2021: 113,300,000 shares) having market value of Rs. 4,547.34 million (2021: Rs. 3,257.38 million), which has been pledged with the commercial banks as a security against the Parent Company's borrowings. Market value per share as at 30 June 2022 is Rs. 37.80 (2021: Rs. 28.75).

**10.2** Investment in MCB-AH represents 30.09% (2021: 30.09%) of MCB-AH's paid up share capital as at 30 June 2022, having historical cost of Rs. 81.95 million (2021: Rs. 81.95 million). Market value per share as at 30 June 2022 was Rs. 21.80 (2021: Rs. 36.75). Pursuant to Rule 5(6)(e) of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Parent Company, being a promoter of MCB-AH, has placed shares in an account marked as 'Freeze' with the Central Depository Company of Pakistan Limited.

**10.3** Investment in PFL (unquoted) represents 135 million (2021: 135 million) fully paid ordinary shares of Rs. 10 each, representing 30% (2021: 30%) of PFL's paid up share capital as at June 30, 2022, having cost of Rs. 1,324.33 million (2021: Rs. 1,324.33 million). The Group has not recognised loss amounting to Rs. 1,113.6 million (2021: Rs. 1823.22 million) in relation to its interest in PFL, because the Group has no obligation in respect of this loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 10.4 Movement of investment in associates is as follows:

### 10.4.1 Fatima Fertilizer Company Limited (FFCL)

	2022 (Rupees)	2021
Opening balance	13,999,653	12,937,523
Group's share of total comprehensive income	2,260,190	2,497,631
Dividend received	(1,116,501)	(1,435,501)
Closing balance	15,143,342	13,999,653

### 10.4.2 MCB - Arif Habib Savings and Investments Limited (MCB-AH)

Opening balance	482,382	466,605
Group's share of total comprehensive income	52,162	113,266
Dividend received	(102,906)	(97,489)
Closing balance - net of impairment	431,638	482,382

### 10.4.3 National Resources (Private) Limited (NRPL)

Opening balance	99,222	-
Investment made during the year	-	99,994
Group's share of total comprehensive loss	(23,645)	(772)
Dividend received	-	-
Transferred to disposal group held for sale	(75,577)	-
Closing balance	-	99,222

## 10.5 Summarized financial information of the associates of the Group is as follows:

	2022			
	MCB - Arif Habib Savings and Investments Limited	Pakarab Fertilizers Limited	Fatima Fertilizer Company Limited	National Resources (Private) Limited
	(Rupees in '000)			
<b>Percentage ownership interest</b>	<b>30.09%</b>	<b>30.00%</b>	<b>15.19%</b>	<b>0.00%</b>
As per the consistent accounting policies				
Non-current assets	1,024,178	11,774,800	117,003,324	-
Current assets	1,208,673	21,416,637	80,876,328	-
Non-current liabilities	98,880	11,497,511	36,652,350	-
Current liabilities	699,480	25,405,910	61,534,464	-
Net assets	1,434,491	(3,711,984)	99,692,838	-
Group's interest in net assets of investee company	431,638	(1,113,595)	15,143,342	-
Goodwill	-	-	-	-
Restricting share of loss to carrying amount (refer note 10.3)	-	1,113,595	-	-
Share of total comprehensive income in equity accounted investee for the year	52,162	-	2,260,190	-
Dividend received during the year	(102,906)	-	-	-
Disposal	-	-	(243,068)	-
	431,638	-	15,143,342	-
Carrying amount of equity accounted investee *	431,638	-	15,143,342	-
Revenue	881,912	65,079,973	127,464,028	-
Profit / (loss) for the year	173,362	2,254,334	15,016,431	-
Other comprehensive income	-	277,245	(137,209)	-
Total comprehensive income	173,362	2,531,579	14,879,222	-
Group's share of total comprehensive income in equity accounted investee	52,162	-	2,260,190	-
Dividends received by the Group	102,906	-	1,116,501	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

	2021			
	MCB - Arif Habib Savings and Investments Limited	Pakarab Fertilizers Limited	Fatima Fertilizer Company Limited	National Resources (Private) Limited
	(Rupees in '000)			
<b>Percentage ownership interest</b>	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	11,819,754	28,335,501	1,528
Current liabilities	687,203	23,240,650	51,943,875	9,382
Net assets	1,603,130	(6,077,386)	92,163,616	595,339
Group's interest in net assets of investee company	482,382	(1,823,216)	13,999,653	56,974
Goodwill	-	-	-	42,248
Restricting share of loss to carrying amount (refer note 10.3)	-	1,823,216	-	-
	482,382	-	13,999,653	99,222
Carrying amount of equity accounted investee *	482,382	-	13,999,653	99,222
Revenue	993,695	19,729,080	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	-

\* Group's share of net assets equal the carrying amount of equity accounted investees as per the consistent accounting policies.

	2022	2021
	(Rupees)	
<b>10.6 Group's share of total comprehensive income / (loss) in equity accounted investee</b>		
Fatima Fertilizer Company Limited (FFCL)	2,260,189,543	2,497,630,841
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	52,161,512	113,266,191
Pakarab Fertilizers Limited (PFL)	-	-
National Resources (Private) Limited (NRPL)	(23,645,431)	(771,749)
	2,288,705,624	2,610,125,283
Add / Less: Other comprehensive loss / (income)	20,842,047	(2,673,289)
Taken to statement of profit or loss	2,309,547,671	2,607,451,994

**10.7** Financial statements of MCB-AH, FFCL, NRPL and PFL have been audited by their independent auditors.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

	Note	2022 (Rupees)	2021
<b>11. OTHER LONG TERM INVESTMENTS</b>			
Equity securities - at FVOCI	11.1	600,000,000	-
Equity securities - designated at FVTPL	11.2	42,745,423	54,754,771
		<b>642,745,423</b>	<b>54,754,771</b>

		2022	
		Share / Units Number	Fair Value (Rupees)
<b>11.1 Equity securities - at FVOCI</b>			
Silk Islamic Development REIT (SIDR)	11.1.1	60,000,000	600,000,000
Sun Biz (Private) Limited (SBL)	11.1.2 & 11.1.4	10,000	-
Al-Khabeer Financial Services (Private) Limited (AKFS)	11.1.3 & 11.1.4	5,000	-
			<b>600,000,000</b>
		2021	
		Share / Units Number	Fair Value (Rupees)
Silk Islamic Development REIT (SIDR)		-	-
Sun Biz (Private) Limited (SBL)	11.1.2 & 11.1.4	10,000	-
Al-Khabeer Financial Services (Private) Limited (AKFS)	11.1.3 & 11.1.4	5,000	-
			<b>-</b>

**11.1.1** This represents 60 million units held in a privately placed closed-end shariah compliant apartment development REIT scheme which constitutes 20% of the total 300 million units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Company Limited - a related party. The proportionate fair value of the Investment approximates the investment made by the Parent Company in the REIT Units as at June 30, 2022. For details regarding assumptions used in valuation of SIDR refer to note 47.

**11.1.2** Investment in SBL (unquoted) represents 10,000 (2021:10,000) fully paid ordinary shares of Rs. 100 each.

**11.1.3** Investment in AKFS (unquoted) represents 5,000 (2021:5,000) fully paid ordinary shares of Rs. 200 each.

**11.1.4** Investment in SBL (unquoted) and AKFS (unquoted) were fully impaired in previous years, these investments were reassessed by the management on initial application of IFRS-9 and based on the available information and it was concluded that the fair value does not differ materially from carrying amount as at June 30, 2022.

	Note	2022 (Rupees)	2021
<b>11.2 Equity securities - designated at FVTPL</b>			
ISE Towers REIT Management Company Limited	11.2.1	27,493,503	37,841,512
LSE Financial Services Limited	11.2.1	15,251,920	16,913,259
		<b>42,745,423</b>	<b>54,754,771</b>

**11.2.1** This represents AHL's investment in 3,304,604 (2021: 3,304,604) unquoted ordinary shares of M/s. ISE Towers REIT Management Company Limited and 843,975 (2021: 843,975) unquoted ordinary shares of M/s. LSE Financial Services Limited. Management of AHL has carried out the valuation of the aforementioned investments. For details regarding assumptions used in the valuation of above unquoted investments refer note 47.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 11.2.2 Reconciliation of (loss) / gain on remeasurement of long term investments at FVTPL

Note	2022 (Rupees)	2021
	58,586,933	58,586,933
	(3,832,162)	(13,530,277)
35	(12,009,348)	9,698,115
	(15,841,510)	(3,832,162)
	42,745,423	54,754,771

Balance as at 30 June

## 12. LONG TERM LOAN TO RELATED PARTY

Secured

Aisha Steel Mills Limited a related party

Less: Current portion of long term loan

15	134,970,641	163,404,133
	(28,433,492)	(28,433,492)
	106,537,149	134,970,641

**12.1** 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 (2021: 6-months KIBOR plus 3.25% per annum). The rate of mark-up on the loan during the period ranged between 10.94% to 14.71% (2021: 10.49% to 10.60%) per annum. Mark-up is payable on a semi-annual basis.

**12.2** The maximum amount outstanding from the above related party at end of any month during the year was Rs.149.19 million (2021: Rs.163.4 million).

Note	2022 (Rupees)	2021
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## 13. LONG TERM DEPOSITS AND OTHER RECEIVABLES

Deposits - unsecured

- Pakistan Stock Exchange Limited	700,461	17,207,961
- National Clearing Company of Pakistan Limited	1,260,000	2,279,393
- Pakistan Mercantile Exchange	11,507,205	11,507,205
- Other deposits	2,183,536	1,263,536
	15,651,202	32,258,095

Other receivable - secured

- Receivable from employees against leased vehicles	4,847,988	2,825,138
	20,499,190	35,083,233

**13.1** 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

14	TRADE DEBTS	Note	2022 (Rupees)	2021
	Trade debts - secured	14.1	3,867,048,746	4,023,365,549
	- unsecured	14.2	1,098,615,576	1,162,558,674
			4,965,664,322	5,185,924,223
	Less: Allowance for impairment of trade debts	14.3	(932,575,082)	(922,272,883)
			4,033,089,240	4,263,651,340
	Unbilled receivable			
	Regular energy		34,797,884	73,961,976
	Shortfall energy		4,815,796	22,973,485
	Bonus energy		11,105,839	11,105,839
	Delayed payment		95,813,984	167,614,642
			146,533,503	275,655,942
			4,179,622,743	4,539,307,282

**14.1** This includes trade debts of Rs. 3.87 billion (2021: Rs. 4.02 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 2.1.2, 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.

Age analysis of the above debts are as follows:

	2022 (Rupees)	2021
Not yet due	1,258,448,235	1,167,523,746
Past due		
0- 30 days	419,376,982	323,588,653
31 - 60 days	264,728,227	194,085,555
61 - 90 days	289,888,545	162,448,665
Above 90 days	1,634,606,757	2,175,718,930
	3,867,048,746	4,023,365,549

These trade debts includes amount of Rs. 92.31 million at 30 June 2022 (2021 : Rs. 86.92 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 SEDPL and CPPA-G and yet to be finalized. SEDPL 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.

14.2	Unsecured - receivable	2022 (Rupees)	2021
	Equity brokerage	971,299,200	970,224,932
	Inter bank brokerage	24,129,003	25,625,455
	Advisory and consultancy fee	103,187,373	166,708,287
		1,098,615,576	1,162,558,674

**14.2.1** These also includes brokerage and operating fee of Rs. 121.26 million (2021: Rs. 120.09 million) and Advisory and Consultancy fee of Rs. 99.58 million (2021: Rs. 120.23 million).

**14.2.2** AHL holds capital securities having fair value of Rs. 64,334 million (2021: Rs. 59,277 million) owned by its clients, as collateral against trade debts.

**14.2.3** The maximum aggregate amount outstanding at any time during the year amounts to Rs. 551.82 million (2021: Rs. 331.8 million).

**14.2.4** This include Rs. 1.9 million (2021: Rs. 4.3 million) due from related parties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

**14.3** Movement in allowance for impairment of trade debts during the year was as follows:

	2022 (Rupees)	2021
Balance as at 1 July	922,272,883	906,321,587
Provision during the year	10,302,199	15,951,296
Balance as at 30 June	932,575,082	922,272,883

Provision has been made against brokerage and operations and advisory and consultancy fees relating to AHL.

**14.4** Refer note 46.1 for the age analysis of total trade debts.

## **15. LOANS AND ADVANCES - considered good**

	Note	2022 (Rupees)	2021
<b>Unsecured</b>			
Advance:			
- for expenses		3,668,755	1,420,968
- to consultant	15.1	4,069,760	9,293,760
		7,738,515	10,714,728
<b>Secured</b>			
Advances / loan to employees	15.2	2,846,351	5,734,118
Advance for Investment in Pakistan Corporate CBD REIT	15.5	279,026,250	-
Advance for Silk Islamic Development REIT		-	600,000,000
		281,872,601	605,734,118
Loans to related parties:			
Aisha Steel Mills Limited (ASML) - current portion	12 & 15.6	28,433,492	28,433,492
Safe Mix Concrete Limited	15.3 & 15.6	18,118,274	-
Pakarab Fertilizers Limited	15.4 & 15.6	813,153,536	-
		859,705,302	28,433,492
		1,149,316,418	644,882,338

**15.1** This represents advance payment made to consultant by AHL, a subsidiary company, in respect of consultancy services on corporate finance projects.

**15.2** This represents interest free balance due from the employees and are secured against their retirement benefit fund. This includes Rs. 0.6 million (2021: nil) due from an executive. The maximum amount outstanding from key management personnel in respect of interest free loan at end of any month during the year was Rs. 1 million (2021: nil).

**15.3** The Parent Company entered into a loan agreement with Safe Mix Concrete Limited, a related party (SMCL). The loan is repayable within 30 business days of notice of demand. The mark-up rate on the said loan is 3 month KIBOR + 1.80% per annum. Mark-up is payable on quarterly basis. The rate of mark-up on the loan during the period ranged between 12.34% to 13.75% per annum (2021: nil).

**15.4** The Parent Company entered into a loan agreement with Pakarab Fertilizers Limited, an associated company (Pakarab). The loan is repayable within 30 business days of notice of demand. The mark-up rate on the said loan is 3 month KIBOR + 1.80% per annum. Mark-up is payable on half-yearly basis. The rate of mark-up on the loan during the period ranged between 13.73% to 13.69% per annum (2021: nil).

**15.5** This represent advance paid for equity investment by the Parent Company in a Shariah Compliant Development REIT Scheme (SCDR). This (SCDR) Scheme is managed by Arif Habib Dolmen REIT Management Company Limited - a related party. The (SCDR) scheme is in process of acquiring two immovable properties from the Lahore Central Business District Development Authority, subsequent to bidding process. The REIT scheme has been approved by the Securities and Exchange Commission of Pakistan (SECP) on 22 December 2021 vide its letter.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

- 15.6** The carrying values of the loans and advances are neither past due nor impaired. The maximum amount outstanding from related parties in respect of loans and advances at end of any month during the year was Rs. 1,855.07 million (2021: Rs. 922.5 million).

	Note	2022 (Rupees)	2021
<b>16. DEPOSITS AND PREPAYMENTS</b>			
Deposits		1,151,009	1,151,009
Prepayments	16.1	68,823,570	57,087,154
Marginal trading system - exposure deposits	16.2	10,351,449	104,272,293
Others		1,915,075	1,494,222
		<b>82,241,103</b>	<b>164,004,678</b>

- 16.1** This amount include prepayments on account of operational insurance made by SEDPL, subsidiary company, amounting to Rs. 64.1 million (2021: Rs. 52.5 million).

- 16.2** 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.

	Note	2022 (Rupees)	2021
<b>17. ACCRUED MARK-UP AND OTHER RECEIVABLES</b>			
<b>Mark-up receivable</b>			
<i>From related parties:</i>			
Aisha Steel Mills Limited	12.1	9,948,630	8,589,238
Javedan Corporation Limited	17.1	10,192,861	2,722,849
Power Cement Limited	17.2	16,179,794	-
Pakarab Fertilizers Limited	15.4	28,365,692	-
Safe Mix Concrete Limited	15.3	2,161,125	-
		<b>66,848,102</b>	<b>11,312,087</b>
<i>Others</i>	17.4	21,483,230	7,653,086
		<b>88,331,332</b>	<b>18,965,173</b>
Receivable against margin financing	17.5	406,532,037	278,740,032
Less: Allowance for impairment	17.6	(1,917,749)	(1,917,749)
		<b>404,614,288</b>	<b>276,822,283</b>
Guarantee commission receivable	17.7		
Aisha Steel Mills Limited		325,616	1,051,623
Power Cement Limited		211,920	376,575
		<b>537,536</b>	<b>1,428,198</b>
<i>Other receivables</i>			
Recoverable from CPPA-G	17.8	198,292,702	292,793,753
Receivable against reverse repo arrangements		115,089,608	268,568,516
Receivable against sale of investment property		5,126,734	-
Receivable from Director - Ahsan Mehanti		45,569,134	-
Others		4,805,072	16,638,617
		<b>368,883,250</b>	<b>578,000,886</b>
		<b>862,366,406</b>	<b>875,216,540</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

- 17.1** During the year, AHL provided an unsecured financing facility of Rs. 1 billion to M/s. Javedan Corporation Limited to finance working capital requirements. The loan was repayable within 30 days of notice of demand and carried interest at the rate of 3 month KIBOR + 1.75% (payable quarterly). The loan provided and repaid during the year was Rs. 380 million.
- 17.2** This represent markup receivable on an unsecured loan extended to Power Cement Limited by the Parent Company, which was repaid during the year. The rate of markup 3 months KIBOR + 1.80% (2021: Nil) and was payable quarterly.
- 17.3** 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. 66.85 million (2021: Rs.11.3 million). Further, the said receivable from related parties are on account of loans provided to them which are current and not past due.
- 17.4** This includes Rs. 21.48 million (2021: Rs. 7.65 million) due on margin financing.
- 17.5** Margin financing facility is provided to clients on mark-up basis ranging from 15% to 23% (2021: 12% to 15%) per annum.
- 17.6** Movement in allowance for impairment relating to receivable against margin financing is as follows:

	2022 (Rupees)	2021
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

- 17.7** The maximum amount due from related party in respect of guarantee commission as at the end of any month during the year was Rs. 0.54 million (2021: Rs. 4.05 million).
- 17.8** This includes Rs 93,695,690 paid by SEDPL on account of WPPF during the year in respect of financial year 2021 (2017 to 2020: Rs 199,098,063) and invoiced to 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 consolidated statement of profit or loss.

	Note	2022 (Rupees)	2021
<b>18. SHORT TERM INVESTMENTS</b>			
Equity securities - at FVTPL	18.1	9,688,906,755	7,603,128,364
Equity securities - at FVOCI	18.2	-	206,907,980
Corporate debt securities - at FVTPL	18.3	1,021,702,293	169,265,468
		<b>10,710,609,048</b>	<b>7,979,301,812</b>

### 18.1 Equity securities - at FVTPL

Investment in quoted equity securities			
- Investment in ordinary shares of related parties	18.1.1 & 18.1.3	2,667,497,983	3,257,383,742
- Investment in preference shares of related parties	18.1.2	605,168,208	854,461,693
- Others		6,416,240,564	3,491,282,929
		<b>9,688,906,755</b>	<b>7,603,128,364</b>

- 18.1.1** These represents investments in the shares of related parties, namely, in Aisha Steel Mills Limited, Power Cement Limited and Javedan Corporation Limited.

- 18.1.2** These represents investments in the preference shares of Power Cement Limited and Aisha Steel Mills Limited.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

**18.1.3** This includes shares in M/s. Safemix Concrete Limited (SCL) held by AHL, subsidiary company. As of 30 June 2022, AHL held 5,699,328 ordinary shares (2021: 5,699,328 ordinary shares) of SCL, its associated company in terms of section 2(4) of the Companies Act, 2017, classified at FVTPL. This gives AHL 22.80% (2021: 22.80%) voting power in SCL. However, since Mr. Arif Habib and his sons, Mr. Samad Habib and Mr. Kashif Habib, by virtue of their direct investment as well as the indirect investment held through the subsidiary company are in a position to exert control over SCL and because of the fact that AHL has not appointed any person on the Board of Directors of SCL, the management is of the view that the Group is not able to exercise significant influence over SCL. Hence, SCL cannot be regarded as an 'associate' of the Group within the meaning of the term 'associate' defined in the International Accounting Standard (IAS) 28 Investments in Associates and Joint Ventures.

	Note	2022 (Rupees)	2021
<b>18.1.4 Investment in quoted securities</b>			
Cost of investment		9,392,266,706	6,021,161,831
<b>Unrealized (loss) / gain:</b>			
Balance as at 1 July		1,581,966,533	(870,183,009)
Unrealized gain for the year		(1,285,326,484)	2,452,149,542
		296,640,049	1,581,966,533
<b>Balance as at 30 June</b>		<b>9,688,906,755</b>	<b>7,603,128,364</b>

## 18.2 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.

2022 (Number of shares)	2021		2022 (Rupees)	2021
<b>25,799,000</b>	57,722,000	<b>Investment in quoted equity securities - at fair value through other comprehensive income</b>		
-	10,908,000	Opening investment (at cost)	178,963,195	301,072,400
<b>(25,799,000)</b>	(42,831,000)	Investment made during the year	-	100,785,445
-	25,799,000	Investment disposed of during the year	(178,963,195)	(222,894,650)
		<b>Closing investment (at cost)</b>	-	178,963,195
		Gain on remeasurement of investment	27,944,785	27,944,785
		Less: Gain realized on disposal of investments	(27,944,785)	-
		<b>Closing balance</b>	-	206,907,980

	Note	2022 (Rupees)	2021
<b>18.3 Investment in debt securities</b>			
Quoted			
- Term Finance Certificates	18.3.1	71,702,293	169,265,468
Unquoted			
- Bank of Punjab	18.3.2	850,000,000	-
- TPL Corp Limited (TPL)	18.3.3	100,000,000	-
		<b>1,021,702,293</b>	<b>169,265,468</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

- 18.3.1** These represent investments by AHL in Term Finance (TFC) & Sukuk Certificates made under Market Making arrangements. AHL has entered into such arrangements in accordance with Chapter 12 of PSX Rule Book with various Financial and Corporate Institution. Under the arrangements, the Company has to maintain minimum inventory of TFCs & Sukuks to place bid & offer on daily basis. These TFCs and Sukuks carry coupon rate ranging from 3 month KIBOR + 1.5% to 2.25%, 6 month KIBOR + 0.50% to 2.25% (2021: 3 month KIBOR + 0.9% to 1.9%, 6 month KIBOR + 0.50% to 2.25%) calculated on the face value of the respective TFCs or Sukuks that is payable quarterly / semi annually. This includes Rs. 0.84 million (2021: Rs 4.3 million) in respect of unrealized gain on quoted debt securities.
- 18.3.2** This represents the investment in 8,500 Term Finance Certificates (TFCs) having face value of Rs. 100,000/- each. These TFCs have been issued by the Bank of Punjab (BOP) as redeemable capital and carry interest at the rate of 6 month average KIBOR + 2% per annum (payable semi-annually).
- 18.3.3** This represents the investment in 1,000 Term Finance Certificates (TFCs) having face value of Rs. 100,000/- each. These TFCs have been issued by the TPL Corp Limited (TPL) as redeemable capital and carry interest at the rate of 3 month average KIBOR + 2.5% per annum (quarterly).
- 18.3.4** Fair value of short term investments pledged with banking companies against various financing facilities availed by the Group amounts to Rs. 7,747.22 million (2021: Rs. 7,140.98 million).

### 19. CASH AND BANK BALANCES

	Note	2022 (Rupees)	2021
With banks in:			
Current accounts			
- In local currency	19.1	171,761,168	181,516,593
- In foreign currency		8,185,591	6,327,874
		179,946,759	187,844,467
Saving accounts	19.2	2,401,508,898	3,724,868,957
		2,581,455,657	3,912,713,424
Cash in hand (in local and foreign currency)		1,157,716	1,031,348
Cash held in Central Depository Company Limited		4,244,693	-
		2,586,858,066	3,913,744,772

- 19.1** This includes unclaimed dividend deposited in separate dividend account amounting to Rs. 38.37 million (2021: Rs. 32.26 million).
- 19.2** Mark-up on deposit accounts carries profit rates ranging between 2.5% to 14% (2021: 2.5% to 7.75%) per annum.
- 19.3** Bank balances include customers' bank balances held in designated bank accounts by AHL, subsidiary company, amounting to Rs. 986.95 million (2021: Rs. 1,563 million) maintained on behalf of the clients.

### 20. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	Note	2022 (Rupees)	2021
<b>ASSETS CLASSIFIED AS HELD FOR SALE</b>			
National Resources (Private) Limited	20.1	30,997,985	-
Arif Habib 1857 (Private) Limited	20.2	49,675,292	-
		80,673,277	-
<b>LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE</b>			
Arif Habib 1857 (Private) Limited	20.2	619,347	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

**20.1** This represent investment in National Resources (Private) Limited (NRPL), the Company has 9.99 million (2021: 9.99 million) fully paid ordinary shares of Rs. 10 each, representing 9.57% (2021: 9.57%) of NRPL's paid up share capital as at June 30, 2022. 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 Limited, 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.

During the year, the Parent Company has committed to sell the its entire shareholding of National Resources (Private) Limited (NRPL) at the price of Rs. 3.10 per share through Share Purchase Agreement. The Board of Directors of the Parent Company decided to divest its investment in NRPL. Accordingly, the investment in NRPL has been classified from equity accounted associates to the Assets held for sale in this annual consolidated financial statements. These shares are expected to be sold within twelve months. The asset held for sale has been carried at lower of carrying amount and fair value. Accordingly, loss on classification has been recorded in the consolidated profit or loss. Shares will be transferred to the other NPRL's sponsors once all the regulatory requirements are fulfilled by NRPL.

**20.2** The principal activities of the AH1857, Subsidiary Company, includes equity trading and brokerage and it was incorporated with the intention to bring a foreign investor as its sponsor. However, during the year, AHL, Subsidiary Company, was informed that foreign investors were not able to obtain regulatory approvals and licensing from their home country's licensing authorities. Further, as per Regulation 4(d) of the Securities Brokers (Licensing and Operations) Regulations, 2016 issued by the Securities and Exchange Commission of Pakistan, AHL is not permitted to have a controlling interest in any other company holding license as a securities broker. In view of the above, on March 02, 2022, AHL received an offer from one of its directors, Ms. Nida Ahsan, expressing her intention and willingness to acquire the 100% shareholding of the subsidiary for a total consideration of Rs. 50 million (i.e. 5,000,000 ordinary shares @ Rs. 10 per share). Accordingly, on March 07, 2022, the Board of Directors of the AHL resolved to sell 100% shareholding in the subsidiary to Ms. Nida Ahsan for the aforesaid consideration subject to compliance with all the applicable legal provisions in this regard (including, in particular, the requirement of obtaining approval of the members of the AHL in its upcoming Annual General Meeting (AGM) in accordance with section 183(3)(b) of the Companies Act, 2017). The Parent Company, which presently holds 63.01% ordinary shares of AHL, has expressed its consent on the proposed disposal of the subsidiary, the requisite approval of the members of AHL, as referred to above, is probable to be obtained in the next AGM, and, consequently, the proposed disposal is expected to qualify for recognition as a completed sale in due course of time. In addition, since all other criteria for classification as held for sale specified in the applicable financial reporting standard are met as at June 30, 2022, the Group has classified the investment in M/s. Arif Habib 1857 (Private) Limited as 'held for sale'.

AH1857 was not previously classified as Asset held for sale. The comparative consolidated statement of profit or loss and Other Comprehensive Income has been re-presented to show the discontinued operation separately from continuing operations.

## 20.2.1 Assets and liabilities of disposal group held for sale

Note 2022 2021  
(Rupees)

Intangible asset	2,500,000	-
Long term deposit	4,924,355	-
Advance tax	2,873	-
Short term investment	22,800,000	-
Cash and bank balances	19,448,064	-
<b>Assets classified as held for sale</b>	<b>49,675,292</b>	<b>-</b>
Taxes payable	313,247	-
Other liabilities	306,100	-
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>619,347</b>	<b>-</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 20.3 Following are the financial performance and cash flow of AH1857. Results of discontinued operation

	2022	2021
	(Rupees)	
Revenue	3,351,816	1,751,384
(Loss) / gain on remeasurement of investments - net	(787,552)	(52,448)
Administrative expenses	(355,881)	(939,461)
Other income	698,086	1,577,883
<b>Profit before tax from discontinued operation</b>	<b>2,906,469</b>	<b>2,337,358</b>
Income tax expenses	(849,625)	(537,592)
<b>Profit from discontinued operation, net of tax</b>	<b>2,056,844</b>	<b>1,799,766</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Parent Company - discontinued operations	1,413,054	1,249,758
Non-controlling interests - discontinued operation	643,790	550,008
	<b>2,056,844</b>	<b>1,799,766</b>
<b>Cash flow from discontinued operations</b>		
Net cash generated from operating activities	3,942,018	1,853,257
Net cash generated from investing activities	11,583,145	-
	<b>15,525,163</b>	<b>1,853,257</b>

## 21. SHARE CAPITAL

### 21.1 Authorised share capital

2022	2021		2022	2021
(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

### 21.2 Issued, subscribed and paid-up share capital

2022	2021		Note	2022	2021
(Number of shares)				(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	21.2.1	(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	21.2.2	(453,750,000)	(453,750,000)
408,375,000	408,375,000			4,083,750,000	4,083,750,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

**21.2.1** 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.

**21.2.2** 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.

**21.2.3** At year end, Mr. Arif Habib (Chief Executive Officer of the Parent Company) held 80.54% (2021: 80.54%) of ordinary shares in the Parent Company.

**21.2.4** All ordinary shares rank equally with regard to the Group's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Group.

## 22. 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'.

## 23. GENERAL RESERVE

General Reserve is a part of the unappropriated profit account and does not have any particular use.

## 24. NON-CONTROLLING INTERESTS (NCI)

Following are the share of non-controlling interests in respective companies of the Group:

	Note	2022	2021
		(Rupees)	
<b>Subsidiary Companies</b>			
Arif Habib Limited	24.1	1,975,154,771	1,578,137,320
Arif Habib Commodities (Private) Limited	24.1	35,589,693	30,391,856
Arif Habib 1857 (Private) Limited	24.1	19,764,801	15,981,932
		<b>2,030,509,265</b>	1,624,511,108
Sachal Energy Development (Private) Limited	24.1	1,539,634,892	1,261,054,832
		<b>3,570,144,157</b>	2,885,565,940



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

- 24.1** The following table summarises the information relating to each of the Group's subsidiaries that has NCI, before any intra group eliminations.

	2022			
	Arif Habib Limited	Sachal Energy Development (Private) Limited	Arif Habib Commodities (Private) Limited	Arif Habib 1857 (Private) Limited
	(Rupees)			
<b>NCI Percentage</b>	<b>36.99%</b>	<b>14.17%</b>	<b>36.99%</b>	<b>36.99%</b>
Non-current assets	1,866,603,435	15,515,169,889	13,994,304	7,424,355
Current assets	7,119,224,910	5,751,345,950	77,868,079	42,250,937
Non-current liabilities	30,388,008	7,959,248,904	-	-
Current liabilities	3,753,820,153	2,471,834,737	3,754,833	619,347
<b>Net assets</b>	<b>5,201,620,184</b>	<b>10,835,432,198</b>	<b>88,107,550</b>	<b>49,055,945</b>
Net assets attributable to NCI	1,975,154,771	1,539,634,892	35,589,693	19,764,801
Revenue	1,726,301,294	4,000,265,453	29,397,268	2,564,264
Profit / (Loss)	826,551,794	1,956,021,782	(2,305,388)	2,056,844
Other Comprehensive Income	(26,314,980)	-	-	-
Total comprehensive income	800,236,814	1,956,021,782	(2,305,388)	2,056,844
Profit / (Loss) allocated to NCI	258,555,235	278,580,060	(613,136)	643,790
Cash flows from operating activities	(3,337,186,672)	3,819,756,834	(11,762,636)	3,942,018
Cash flows from investing activities	1,296,006,442	(1,419,716)	20,960,444	11,583,145
Cash flows from financing activities	172,814,484	(3,285,585,704)	(3,862,500)	-
Net increase in cash and cash equivalents	(1,868,365,746)	532,751,414	5,335,308	15,525,163
Dividend paid to NCI	181,541,160	-	-	-
	2021			
	Arif Habib Limited	Sachal Energy Development (Private) Limited	Arif Habib Commodities (Private) Limited	Arif Habib 1857 (Private) Limited
	(Rupees)			
<b>NCI Percentage</b>	<b>30.56%</b>	<b>14.17%</b>	<b>30.56%</b>	<b>30.56%</b>
Non-current assets	2,221,558,829	13,759,891,110	13,327,335	19,007,500
Current assets	6,249,943,330	5,588,249,913	97,325,384	28,634,796
Non-current liabilities	3,525,415	7,480,512,770	-	-
Current liabilities	3,472,593,374	2,988,217,836	18,239,781	643,196
Net assets	4,995,383,370	8,879,410,417	92,412,938	46,999,100
Net assets attributable to NCI	1,578,137,320	1,261,054,832	30,391,856	15,981,932
Revenue	2,828,756,364	3,862,936,450	34,685,656	1,673,066
Profit	2,295,460,793	1,864,137,972	18,518,515	1,799,766
Other Comprehensive Income	(211,455,600)	-	-	-
Total comprehensive income	2,084,005,193	1,864,137,972	18,518,515	1,799,766
Profit allocated to NCI	636,762,683	265,653,834	5,888,014	550,008
Cash flows from operating activities	3,306,205,926	2,467,517,207	41,824,882	1,854,257
Cash flows from investing activities	(9,486,413)	(1,973,308)	(31,527,035)	-
Cash flows from financing activities	(962,092,124)	(2,044,445,723)	(15,102,687)	-
Net increase in cash and cash equivalents	2,334,627,389	421,098,176	(4,804,840)	1,854,257
Dividend paid to NCI	45,385,290	-	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

	Note	2022 (Rupees)	2021
<b>24.2 Profit allocated to NCI</b>			
Arif Habib Limited - Unconsolidated		258,555,235	636,762,683
Arif Habib 1857 (Private) Limited		643,790	550,008
Arif Habib Commodities (Private) Limited		(613,136)	5,888,014
Sachal Energy Development (Private) Limited		278,580,060	265,653,834
		<b>537,165,949</b>	<b>908,854,539</b>
<b>25. LONG TERM LOANS - secured</b>			
Term finance loan - ICBC	25.1	9,498,000,000	11,812,500,000
Exchange loss / (gain)		2,649,500,000	(755,850,000)
Repayment of loan		(1,847,500,000)	(1,558,650,000)
Less: Current portion		(2,060,000,000)	(1,583,000,000)
		<b>8,240,000,000</b>	<b>7,915,000,000</b>
Transaction cost			
Balance at 1 July		(477,738,519)	(623,948,726)
Less: Amortisation during the year	39	152,564,937	146,210,207
		<b>(325,173,582)</b>	<b>(477,738,519)</b>
		<b>7,914,826,418</b>	<b>7,437,261,481</b>

**25.1** 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 (2021: 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.

**25.2** IBOR reforms have no impact on the facility as the interest rate is pass-through to the power purchaser as per tariff.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

	2022	2021
	(Rupees)	
<b>26. LAND LEASE LIABILITY</b>		
Balance at 1 July	12,070,114	11,685,571
Charge for the year	1,744,543	1,744,543
Paid during the year	(1,360,000)	(1,360,000)
Balance at 30 June	12,454,657	12,070,114
Current portion shown under current liabilities	(1,360,000)	(1,360,000)
	11,094,657	10,710,114

- 26.1** 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.

	2022	2021
	(Rupees)	
<b>27 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS</b>		
This represent lease liability of Parent Company and AHL, subsidiary company.		
<b>As at 1 July</b>	62,945,714	65,720,505
Effect of lease modification	(8,436,150)	18,141,316
Additions during the year	26,785,352	6,540,869
Interest accrued	4,961,607	8,273,351
Payments	(60,916,855)	(35,730,327)
<b>As at 30 June</b>	25,339,668	62,945,714
Lease liability	25,339,668	62,945,714
Less: Current portion of lease liability	(21,656,279)	(41,479,177)
	3,683,389	21,466,537

- 27.1** Lease liability is payable as follows:

	2022		
	Less than one year	Between one and two years	Total
	(Rupees in '000)		
Future minimum lease payments	23,945,311	4,074,998	28,020,309
less: Interest	(2,289,032)	(391,609)	2,680,641
Present value of minimum lease payment	21,656,279	3,683,389	25,339,668

	2021		
	Less than one year	Between one and two years	Total
	(Rupees in '000)		
Future minimum lease payments	43,457,393	22,069,706	65,527,099
less: Interest	(1,978,216)	(603,169)	(2,581,385)
Present value of minimum lease payment	41,479,177	21,466,537	62,945,714

- 27.2** 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

	Note	2022 (Rupees)	2021
<b>28. LOAN UNDER STATE BANK OF PAKISTAN SCHEME</b>			
Loan under State Bank of Pakistan scheme	28.1	9,654,142	25,023,885
Less: Amount Payable within next twelve months		(9,654,142)	(15,369,743)
		-	9,654,142

**28.1** 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 32.2) and it is repayable over a period of two years with a grace period of six months.

## 29. DEFERRED LIABILITY - GRATUITY

This represents deferred liability for employees' gratuity obligation of SEDPL (subsidiary company):

	2022 (Rupees)	2021
Balance at beginning of the year	23,064,751	19,043,769
Provision for the year	11,683,852	6,650,423
Gratuity paid during the year	(1,420,774)	(2,629,441)
Balance at end of the year	33,327,829	23,064,751

**29.1** This include provision for gratuity of Rs. 22.95 million (2021: Rs. 15.07 million) payable to key management personnel of SEDPL. The actuarial valuation in respect of provision for gratuity as not been carried out since the management believes that the impact is not material.

	Note	2022 (Rupees)	2021
<b>30. DEFERRED TAXATION - net</b>			
Taxable temporary differences			
- Accelerated tax depreciation		8,079,108	11,386,042
- Investment in equity accounted associates		2,209,806,375	1,573,010,106
- Unrealised gain on investments		132,728,896	337,917,598
- Investment property		25,783,816	-
- Right-of-use assets - net		3,034,396	-
		2,379,432,591	1,922,313,746
Deductible temporary differences			
- Allowance for impairment loss on trade debts		(556,147)	(268,015,283)
- Intangible assets		(6,815,000)	(6,815,000)
- Unrealised loss on investments		(18,892,142)	-
- Impairment loss on other long term investment		(17,160,000)	-
- Lease liability against right of use assets - net		-	(1,252,701)
		(43,423,289)	(276,082,984)
		2,336,009,302	1,646,230,762
- Unused tax losses		(210,448,152)	(196,706,850)
		2,125,561,150	1,449,523,912
Deferred tax asset not recognised	30.1	243,678,770	358,867,218
Deferred tax liability		2,369,239,920	1,808,391,130

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

**30.1** 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. 210.45 million (2021: Rs. 196.71 million).

**30.2** Net difference of Rs. 560.84 million (2021: Rs. 299.70 million) has been recognised in the consolidated statement of profit and loss.

	Note	2022 (Rupees)	2021
<b>31. TRADE AND OTHER PAYABLES</b>			
Creditors	31.1	950,019,803	1,561,332,395
Commission payable	31.2	28,573,208	102,628,722
Operating and maintenance payable	31.3	94,027,670	116,759,966
Workers' Profit Participation Fund Payable		99,265,368	93,695,690
Loan from a Director		-	3,862,500
Other accrued expenses	31.5	30,407,712	37,840,476
Other liabilities	31.6	18,135,924	66,972,535
Advance from customers		4,252,569	-
Payable against reverse repo transaction	31.4	33,629,267	-
Advance against committed sale of investment property	31.7	9,000,000	-
		<u>1,267,311,521</u>	<u>1,983,092,284</u>

**31.1** This includes amount of Rs. 109.45 million (2021: Rs. 126.10 million) payable to related parties by AHL.

**31.2** This includes amount of Rs. 23.9 million (2021: Rs. 49.15 million) payable to related parties by AHL.

**31.3** This amount represents payable by SEDPL to Hydrochina International Engineering Company Limited on account of operations and maintenance of plant.

**31.4** This represents amount payable to M/s. Masood Fabrics and M/s. Mehmood Textiles by AHL for amount realized, over and above of the receivable, on disposal of collateral held against reverse repo transaction. Out of total, Rs. 22 million has been paid and the remaining amount of AHL.

**31.5** This includes Rs. 1.109 million (2021: Rs. 1.19 million) payable to Rotocast Engineering Company (Private) Limited a related party, on account of monthly expense contribution of utilities and maintenance charges.

**31.6** This includes Rs. nil (2021 : Rs 45 million) payable to the Chief Executive Officer of SEDPL on account of bonus for the year ended 30 June 2022.

**31.7** This represents advance received by AHL from Mr. Safi Ullah against sale of two residential plots located at Block A, Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi at the total sum of Rs. 43.69 million. The sale will be executed after receiving of total amount of Rs. 43.69 million. Since AHL is committed to sell the plots at Rs. 43.69 million, the fair value of these plots as at 30 June 2022 has been recognized equal to the said sale consideration.

	Note	2022 (Rupees)	2021
<b>32. SHORT TERM BORROWINGS</b>			
Secured - from banking companies			
- Running finance	32.1	3,622,763,535	2,472,056,459
- Running Musharka	32.2	-	964,996,900
From Related parties			
- Financing facility from Javedan Corporation Limited		800,000,000	-
		<u>4,422,763,535</u>	<u>3,437,053,359</u>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

**32.1** Short term running finance facilities are available to Parent Company and AHL, from various commercial banks, under mark-up arrangements, amounting to Rs. 9,200 million (2021: Rs. 8,700 million). These facilities have various maturity dates up to 30 September 2024 and need to be renewed after that.

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% (2021: 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. 5,577 million (2021: Rs. 6,228 million).

**32.1.1** Total value of securities belonging to customers pledged with financial institutions for the year ended 30 June 2022 amounts to Rs. 4.68 million (2021 : Rs. 4.08 million).

**32.2** This represents short term Running Musharka (RM) facility of Rs. 1,000 million (2021: 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. 990 million at target profit rate of 3M KIBOR plus 2.00% (2021: Rs. 975 million at interest rate of 3M KIBOR plus 2.25% as per RF) payable on a quarterly basis.
- Rs. 10 million at fixed markup rate of 3% (2021: Rs. 25 million at fixed markup of 3%) payable on quarterly basis as disclosed in note 28.1.

**32.3** The fair value of shares of associated companies, shares held for trading and other securities / assets pledged as collateral against short term borrowings amounts to Rs. 14,070 million (2021: Rs. 10,722 million).

## **33. CONTINGENCIES AND COMMITMENTS**

### **33.1 Contingencies**

#### **Parent Company**

**33.1.1** During the year ended June 30, 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 which were offered to general public by the Parent Company in 2007. On November 2, 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 and management is confident that the petition will be decided in the Parent Company's favour.

**33.1.2** The Parent Company is contesting along with other defendants four suits filed by M/s. Shafi Chemicals Industries Limited (the Plaintiffs) in the year 2002-2003 for damages jointly against Mr. Saleem Chamdia, Mr. Arif Habib, Mr. Aqeel Karim Dedhi, Mr. A. Ghaffar Usman Moosani, Mr. Shahid Ghaffar, the Pakistan Stock Exchange Limited (PSX), the Securities and Exchange Commission of Pakistan (SECP), the Central Depository Company of Pakistan Limited (CDC), Saleem Chamdia Securities (Private) Limited, Arif Habib Corporation Limited, Moosani Securities Limited and Aqeel Karim Dedhi Securities Limited. The suits are for recovery of damages against the decision of the PSX in respect of Risk Management System of its Clearing House during the year 2000. The Chief Executive Officer of the Parent Company was the Chairman of the Board of Directors of PSX during the year 2000. The Parent Company has been made party to the suits by the plaintiffs. Individual liability of respective parties and undertakings is not quantifiable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

The suit was dismissed due to non-prosecution on May 3, 2021, however, the suit was reponed and the Honourable High Court of Sindh, Karachi has fixed the hearing on October 4, 2022.

The legal advisor of the Parent Company is of the opinion that there are reasonable grounds for a favourable decision. According to management, the suit is likely to be dismissed as these are not based on factual or legal basis and no financial liability is expected to accrue as a consequence of the said suits against the Parent Company. Accordingly, no provision has been recognised there against.

- 33.1.3** 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 (The amount outstanding as at the year end amount to USD 50 million) to Industrial Commercial Bank of China in relation to a project financing agreement of SEDPL.
- 33.1.4** The Parent Company has issued guarantee of Rs. 677.45 million and Rs. 625 million on behalf of Aisha Steel Mills Limited (ASML) - a related party to secure financing arrangement from Faysal Bank Limited and Habib Metropolitan Bank Limited, respectively. The Parent Company has pledged 24.5 million ordinary shares of Fatima Fertilizer Company Limited valued at Rs. 926.1 million as at year end to Habib Metropolitan Bank Limited against this financing facility availed by ASML.
- 33.1.5** The Parent Company has issued Corporate Guarantee on behalf of Power Cement Limited (PCL) to the extent of Rs. 847.68 million issued to secure payment obligations of PCL.
- 33.1.6** The Parent Company has pledged 123.85 million shares of Fatima Fertilizers Limited with various banks for running finance facilities obtained by Arif Habib Limited, a subsidiary company. The exposure of this guarantee at reporting date was Rs. 2.87 billion.
- 33.1.7** The Company has obtained letters of indemnity from the respective related parties.
- 33.1.8** For tax related matters, refer note 41 to these consolidated financial statements.

## AHL, Subsidiary Company

- 33.1.9** AHL has been contesting a demand of Rs. 45.42 million raised against its non-taxable services vide order issued on September 12, 2014 by the Assistant Commissioner, Sindh Revenue Board. AHL filed an appeal against the impugned order in the appropriate forums and, accordingly, a stay was granted to AHL against the impugned order. During the year 2018, the Appellate Tribunal Sindh Revenue Board 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 favorable case based on merit. Accordingly, AHL has not made any provision of the said amount in these consolidated financial statements.

## SEDPL and BGPL, Subsidiary Companies

- 33.1.10** There are no contingencies as on June 30, 2022 (2021 : nil)

## Associates

- 33.1.11** The Group's share of associates' contingent liabilities is Rs. 7,259.72 million (2021: Rs. 3,523.98 million).

## 33.2 Commitments

### Parent Company

- 33.2.1** The Parent Company holds 2.56 billion shares (2021: 2.56 billion) 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 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## AHL, Subsidiary Company

33.2.2	Following commitments are outstanding as at the year end:	2022 (Rupees)	2021
	Outstanding settlements against marginal trading contracts	372,222,968	788,579,531
	Outstanding settlements against sale/ purchase of securities in regular market	277,978,515	34,264,836
	Financial guarantee given by a commercial bank on behalf of AHL	750,000,000	750,000,000
	Against purchase of investment property	312,057,120	-
	Against development cost of investment property	110,034,327	-

## SEDPL, Subsidiary Company

**33.2.3** The Subsidiary Company, SEDPL has entered into Service and Availability Agreement with Goldwind Pakistan (Private) Limited on July 01, 2019 for a period of three (03) years. SEDPL has signed the extension of Service and Availability Agreement with Goldwind Pakistan (Private) Limited dated July 01, 2022 for a period of five (05) years starting from July 01, 2022. The fee of USD 950,000 is agreed for the year 2022-23.

## Associates

**33.2.4** The Group's share of associates' commitments is Rs. 1,030.99 million (2021: 1,393.67 million).

## 33.2.5 Significant contracts of SEDPL

### (a) Energy Purchase Agreement (EPA)

SEDPL has entered into EPA on February 27, 2014 with National Transmission and Despatch Company Pakistan ("NTDC") (through its Central Power Purchasing Agency) on behalf of ex -WAPDA Distribution Companies ("the Power Purchaser") for the sale of its entire energy for the term of EPA i.e. 20 years.

### (b) Implementation Agreement (IA)

SEDPL has entered into IA with GoP on August 11, 2014 to install wind turbines to 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 ICBC on February 15, 2015.

### (d) Short Term Finance Facility Agreement

The Company has entered into short term Running Musharakah (revolving) of Rs 1,000 million obtained from FBL on February 18, 2021 renewed on February 17, 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

	Note	2022 (Rupees)	2021
<b>34. REVENUE</b>			
Revenue from sale of energy - net	34.3	3,899,280,709	3,829,226,691
Brokerage income		415,695,473	612,704,646
Underwriting, consultancy and placement commission		408,342,385	671,628,116
Dividend income		228,299,701	156,361,946
Mark-up income on bank deposits		152,919,979	64,918,596
Inter bank brokerage income		94,638,538	86,956,373
Mark-up income on loans and advances	34.1	86,586,839	25,394,988
Mark-up income on margin financing		53,683,737	32,966,903
Sale of GSCERs (Carbon Credits)		26,846,496	36,633,209
Commodity brokerage income		27,103,130	34,685,656
Mark-up income on term finance certificates		12,774,497	19,664,197
Guarantee commission income	34.2	2,174,921	6,378,166
Income from reverse repo transaction		-	13,931,717
		<b>5,408,346,405</b>	<b>5,591,451,204</b>

**34.1** This represents mark-up income on loans extended by the Parent Company to related parties, namely Aisha Steel Mills Limited, Power Cement Limited, Safe Mix Concrete Limited and Pakarab Fertilizers Limited.

**34.2** This pertains to guarantees issued by the Parent Company to related parties namely Aisha Steel Mills Limited and Power Cement Limited.

	2022 (Rupees)	2021
<b>34.3 Revenue from sale of energy - net</b>		
Regular energy	3,704,998,389	2,958,625,633
Short fall energy	416,253,064	980,380,416
Less: Sales tax	(543,427,415)	(422,663,092)
	<b>3,577,824,038</b>	<b>3,516,342,957</b>
Late payment charges	321,456,671	312,883,734
	<b>3,899,280,709</b>	<b>3,829,226,691</b>

	Note	2022 (Rupees)	2021
<b>35. (LOSS) / GAIN ON REMEASUREMENT OF INVESTMENTS - NET</b>			
Long term investment - at fair value through profit and loss	11.2.2	(12,009,348)	9,698,115
Short term investments - at fair value through profit and loss	18.1.4 & 18.3.1	(1,284,482,017)	2,456,482,151
		<b>(1,296,491,365)</b>	<b>2,466,180,266</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

	Note	2022 (Rupees)	2021
<b>36. COST OF ENERGY SALES</b>			
Salaries, wages and benefits		71,971,807	78,420,052
Operations and maintenance		183,708,839	180,446,847
Travelling and transportation		16,767,969	11,280,789
Land lease rent		1,744,543	1,744,543
Import energy cost		8,541,969	9,838,630
Consultancy services		3,169,342	3,670,655
Legal and professional charges		612,500	-
Communication		3,558,036	4,227,132
Operational insurance		70,793,659	61,028,050
Fee and subscription		2,223,031	1,462,795
Security services		29,585,227	26,287,480
Depreciation	5.3	893,439,593	911,507,581
Water charges		6,940,334	6,439,654
Other expenses		7,413,875	4,463,783
Cost of energy's sales		<b>1,300,470,724</b>	<b>1,300,817,991</b>
<b>37. ADMINISTRATIVE EXPENSES</b>			
		2022 (Rupees)	2021
Salaries and benefits	37.1	299,971,694	311,989,689
Printing and stationery		11,187,350	7,626,652
Communication		25,030,991	24,228,389
Rent, rates and taxes		15,712,982	12,521,301
Utilities		5,130,265	5,921,306
Legal and professional charges		16,232,918	14,670,719
Central Depository Company and clearing house charges		38,613,238	30,950,752
Entertainment		3,214,325	3,226,945
Travel and conveyance		70,057,780	45,359,011
Depreciation	5.3	62,786,956	56,928,152
Amortisation of intangible assets		661,073	418,238
Repairs and maintenance		47,566,436	41,852,956
Insurance		15,928,111	11,973,246
Fees and subscription		14,677,565	17,291,773
Advertisement, business promotion and research		11,534,895	25,099,945
Meeting expenses		1,150,000	1,075,000
Auditors' remuneration	37.2	6,362,356	5,815,536
Technical assistance / commission and advisory fee		131,265,361	220,638,503
Man Power Services	37.3	23,800,000	22,800,000
Others		14,741,955	11,161,145
		<b>815,626,251</b>	<b>871,549,258</b>

**37.1** This includes the Group's contribution to staff retirement benefits amounting to Rs. 18.83 million (2021: Rs. 17.25 million).

**37.1.1** 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

37.2 Auditors' remuneration		2022 (Rupees)	2021
Audit fee		3,940,200	3,764,000
Interim & Other Services (Certifications)		1,895,000	1,385,000
Out of pocket		299,060	470,536
Sales tax		228,096	196,000
		<b>6,362,356</b>	<b>5,815,536</b>

**37.3** These represent charges paid by 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.

	Note	2022 (Rupees)	2021
<b>38. OTHER INCOME</b>			
Profit on exposure deposit		3,241,454	5,262,579
Gain on settlement of reverse repo transaction	38.1	-	24,783,996
Exchange gain		1,946,964	9,931,353
Mark up on repo transaction		28,364,241	-
Gain on modification of lease		696,030	-
Gain on disposal of property, plant and equipment		11,564	-
Others		2,479,899	1,743,616
		<b>36,740,152</b>	<b>41,721,544</b>

38.1 Gain on settlement of reverse repo transaction		2022 (Rupees)	2021
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

39. FINANCE COST		2022	2021
Mark-up on long term loans		473,386,201	452,332,249
Mark-up on short term borrowings		238,276,028	146,292,105
Interest expense on lease		4,961,607	8,273,351
Bank charges		14,535,707	19,461,224
Amortisation of transaction cost	39.1	152,564,937	146,210,207
Markup on loan from Sponsor		-	4,355,592
Mark-up on loan under State Bank of Pakistan scheme		568,718	799,288
Mark-up on Margin Trading System securities		3,604,503	3,539,662
		<b>887,897,701</b>	<b>781,263,678</b>

**39.1** Relates to a long term loan obtained by SEDPL as mentioned in note 25.1.

40. OTHER CHARGES		2022 (Rupees)	2021
Donations	40.1	40,000	5,025,000
Provision for expected credit losses on trade debts		10,302,199	15,951,296
Other receivables written-off		1,977,882	2,612,258
Loss on classification of asset classified as held for sale		44,578,335	-
Exchange loss		28,538,903	-
Loss on disposal of fixed / scrap assets		-	980,394
		<b>85,437,319</b>	<b>24,568,948</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

	2022 (Rupees)	2021
<b>40.1</b> This include donations paid to following donees:		
<b>Donees</b>		
Habib University Foundation	40,000	5,000,000
Saylani Welfare Trust	-	25,000
	<b>40,000</b>	<b>5,025,000</b>

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

	Note	2022 (Rupees)	2021
<b>41. INCOME TAX EXPENSE</b>			
Current			
- For the year		513,687,736	584,951,702
- Prior year		(31,233,182)	18,916,023
		<b>482,454,554</b>	<b>603,867,725</b>
Deferred	30.2	560,848,790	299,703,470
		<b>1,043,303,344</b>	<b>903,571,195</b>

## 41.1 Relationship between tax expense and accounting profit

	2022 (Effective tax rate %)	2021	2022 Rupees	2021 Rupees
Profit before taxation			5,051,940,388	9,297,090,068
Tax at the applicable tax rate at 29% (2021: 29%)	29%	29%	1,465,062,713	2,696,264,894
Tax effect of:				
Income under final tax regime	(5.16%)	(2.97%)	(260,491,131)	(150,171,479)
Income under minimum tax regime	0.17%	0.00%	8,769,519	-
Income taxed at lower rate	(1.35%)	(19.95%)	(67,972,792)	(1,007,920,822)
Minimum turnover tax	(0.05%)	0.02%	(2,567,162)	837,240
Prior year tax	(0.62%)	0.37%	(31,313,185)	18,916,023
Non-deductible expenses	13.74%	12.74%	694,119,372	643,498,327
Exempt income / permanent difference	(15.34%)	(25.13%)	(775,105,142)	(1,269,398,452)
Super tax	(1.80%)	0.00%	(91,003,606)	-
Change in tax rate	0.96%	0.00%	48,750,014	-
Others	1.09%	(0.56%)	55,054,644	(28,454,536)
			<b>1,043,303,344</b>	<b>903,571,195</b>

## Parent Company

- 41.2** The provision for current year tax represents tax on taxable income under final tax regime as per the applicable rate and minimum tax per annum under normal tax regime. 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.
- 41.3** During the financial year 2021, 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 July 21, 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

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 November 26, 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 had 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.

- 41.4** Further, the deemed assessments for the tax years 2016 to 2019 were subsequently modified by the Additional Commissioner Inland Revenue (AdCIR) by issuing amended assessment orders (Orders), mainly attempting to reclassify Parent Company's normal business income to income from other sources. The Parent Company had filed appeal before the CIR (Appeals) against the Orders, who have remanded back the cases to AdCIR for re-examination and re-consideration of the facts of the cases. For tax year 2019, the Parent Company and AdCIR are contesting the case in Appellate Tribunal Inland Revenue.

### AHL, Subsidiary Company

- 41.5** Income tax assessments of the AHL are deemed to be finalized as per tax returns file up to tax year 2021. 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.
- 41.6** AHL has been contesting Civil Suit No. 2596 of 2015 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. The honorable High Court has ordered stay on any coercive action against the recovery of demand on super tax, therefore, the AHL has not paid any Super tax accordingly. The said stay is still in force and the AHL has recorded a provision in previous years. AHL filed a petition in Sindh High Court Karachi against the recovery of Super tax bearing C.P.No.D 5421/2018 for the tax year 2017 on July 21, 2018 and C.P. No.D 4980/2020 for the tax year 2018 on October 12, 2020, both the petitions were rejected by the Sindh High Court on September 15, 2020 and November 14, 2020 respectively. AHL filed C.P.2329/2020 pertaining to "Super Tax" u/s 4B for the tax year 2017 on November 14, 2020 and C.P. 239/2021 for the tax year 2018, which were heard by the Honourable Supreme Court of Pakistan as per it's direction. 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 for tax year 2017 on November 26, 2020 and for the tax year 2018 on February 22, 2022, no coercive action for recovery shall be taken against such tax payers in the meanwhile, accordingly AHL has made the required deposit.

### SEDPL, Subsidiary Company

- 41.7** Provision for taxation has been booked on interest income at the corporate tax rate of 29% applicable for the tax year 2022. SEDPL'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

- 41.8** The income tax assessments of BGPL are deemed to have been assessed up to and including the tax year 2021.
- 41.9** Deferred tax asset amounting to Rs. 16.01 million (2021: Rs. 15.90 million) in respect of unused tax losses has not been recognised in these consolidated financial statements as management 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 42. EARNINGS PER SHARE - BASIC AND DILUTED

2022  
(Rupees) 2021

### 42.1 Basic earnings per share

Profit after tax from continuing operations attributable to ordinary shareholders	3,472,114,885	7,485,214,342
Profit after tax from discontinued operation attributable to ordinary shareholders	1,413,054	1,249,758
Weighted average number of ordinary shares	408,375,000	408,375,000
Earnings per share - continuing operations	8.50	18.33
Earnings per share - discontinued operation	0.00	0.00

### 42.2 Diluted earnings per share

Diluted earnings per share has not been presented as there is no convertible instruments in issue as at June 30, 2022 and June 30, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

## 43. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND OTHER EXECUTIVES

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

43.2 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 Company and respective subsidiaries are given below:

	Chief Executive Officer		Directors		Executive Employees	
	2022	2021	2022	2021	2022	2021
	-----Rupees-----					
Managerial remuneration	12,000,000	12,000,000	-	-	140,512,253	126,701,888
Retirement benefits	967,740	967,740	-	-	15,388,642	9,558,568
Commission and bonus	2,000,000	3,000,000	-	-	75,162,010	152,082,609
Other allowances	600,000	600,000	700,000	625,000	8,332,883	7,651,925
Total	15,567,740	16,567,740	700,000	625,000	239,395,788	295,994,990
Number of person(s)	1	1	7*	7*	37	38

\* This includes 4 non-executive to whom no directorship meeting fee has been paid during the year.

43.3 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. 14.13 million (2021: Rs. 17.24 million).

43.4 Executives as mentioned above include Directors and Chief Executive of subsidiary companies. Besides above, group insurance and medical facilities under insurance coverage were provided to the above mentioned personnel.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

44. CASH GENERATED FROM OPERATIONS	Note	2022 (Rupees)	2021
Profit before tax	44.1	5,054,846,857	9,299,427,426
<b>Adjustments for:</b>			
Depreciation		956,226,549	968,435,733
Amortisation of intangible assets		661,073	418,238
Mark-up income		(252,281,315)	(111,718,680)
Share of profit of equity-accounted investees - net of tax		(2,309,547,671)	(2,607,451,994)
Unrealised gain on investment property		(71,212,860)	(290,384,768)
Gain on sale of investment property		(940,000,000)	(500,000)
Provision for gratuity		11,683,852	6,650,423
Unrealised loss / (gain) on remeasurement of other long term investment		12,009,348	(9,698,115)
Unrealised loss / (gain) on remeasurement of short term investment		1,285,269,569	(2,456,429,703)
Loss on sale of property, plant and equipment		5,881	980,394
Impairment loss on trade debts		10,302,199	15,951,296
Other receivables written-off		1,977,882	(2,612,258)
Amortisation of land lease rent		1,744,543	1,744,543
Gain on lease modification		(696,031)	-
Loss on classified as assets held of sale		44,578,335	-
Amortisation of transaction cost		152,564,937	146,210,207
Interest expense on lease		4,961,607	8,273,351
Finance cost		715,835,450	607,318,896
		(375,916,652)	(3,722,812,437)
		4,678,930,205	5,576,614,989
<b>Changes in working capital:</b>			
Decrease / (increase) in current assets			
Trade debts		349,382,340	(912,467,025)
Loans and advances		592,567,928	(857,302,052)
Deposits and prepayments		81,763,575	(28,556,433)
Receivable from Sale of securities		-	79,559,207
Accrued mark-up and other receivables		(188,330,105)	(447,219,069)
Short term investments		(3,996,445,887)	696,853,179
Long term deposits and other receivables		14,584,043	(946,953)
Asset held for sale		(46,555,945)	-
		(3,193,034,051)	(1,470,079,146)
(Decrease) / increase in current liabilities			
Trade and other payables		(748,440,879)	1,141,188,174
Payable against purchase of investment - net		(32,680,345)	53,758,623
Unclaimed dividend		6,112,521	(631,144)
		(775,008,703)	1,194,315,653
<b>Cash generated from operations</b>		<b>710,887,451</b>	<b>5,300,851,496</b>
<b>44.1 Profit before tax</b>			
Profit before tax from continuing operations		5,051,940,388	9,297,090,068
Profit before tax from discontinued operations		2,906,469	2,337,358
		<b>5,054,846,857</b>	<b>9,299,427,426</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

	Note	2022 (Rupees)	2021
<b>45. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	19	2,586,858,066	3,913,744,772
Short term borrowings	32	(3,622,763,535)	(3,437,053,359)
		<u>(1,035,905,469)</u>	<u>476,691,413</u>

## 46. 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.

### 46.1 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:

	2022 (Rupees)	2021
Trade debts	4,179,622,743	4,539,307,282
Long term deposits	15,651,202	32,258,095
Loans	966,242,451	297,002,008
Accrued mark-up and other receivables	493,483,156	297,215,654
Deposits	13,417,533	106,917,524
Investments in corporate debt securities	1,021,702,293	169,265,465
Bank balances	2,581,455,657	3,912,713,424
	<u>9,271,575,035</u>	<u>9,354,679,452</u>

Trade debts

The maximum exposure to credit risk for trade debts at the reporting date by geographic region were as follows:

	2022 (Rupees)	2021
Domestic (Pakistan)	4,179,622,743	4,539,307,282

At 30 June, the age analysis of trade debts was as follows:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

	2022		2021	
	Gross	Impairment loss	Gross	Impairment loss
Neither past due nor impaired	4,021,523,377	-	1,447,708,609	-
Past due 1 - 30 days	110,099,223	(31,170)	506,320,031	-
Past due 31 - 180 days	17,918,373	(1,542,467)	390,325,782	(5,904,661)
More than 180 days	962,656,852	(931,001,445)	3,117,225,743	(916,368,222)
	5,112,197,825	(932,575,082)	5,461,580,165	(922,272,883)

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 2022 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:

	Rating Agency	Long term	Short term
Allied Bank Limited	PACRA	AAA	A1+
Askari Bank Limited	PACRA	AA+	A1+
Bank AL Habib Limited	PACRA	AAA	A1+
Bank Alfalah Limited	PACRA	AA+	A1+
BankIslami Pakistan Limited	PACRA	A+	A1
Faysal Bank Limited	PACRA	AA	A1+
Faysal Bank Limited	VIS	AA	A-1+
Habib Bank Limited	VIS	AAA	A-1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
Industrial and Commercial Bank of China	Moody's	A1	P-1
JS Bank Limited	PACRA	AA-	A1+
MCB Bank Limited	PACRA	AAA	A1+
MCB Islamic Bank Limited	PACRA	A	A1
Meezan Bank Limited	VIS	AAA	A-1+
National Bank of Pakistan	PACRA	AAA	A1+
National Bank of Pakistan	VIS	AAA	A-1+
Silkbank Limited	VIS	A-	A-2
Sindh Bank Limited	VIS	A+	A-1
Soneri Bank Limited	PACRA	AA-	A1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A1+
The Bank of Khyber	PACRA	A	A1
The Bank of Khyber	VIS	A+	A-1
The Bank of Punjab	PACRA	AA+	A1+
United Bank Limited	VIS	AAA	A-1+

### 46.2 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:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

	2022			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	Rupees			
<b>Financial liabilities</b>				
Long term loans	9,984,480,560	11,957,764,588	2,069,654,142	9,888,110,446
Land lease liability	12,454,657	38,250,000	1,360,000	36,890,000
Lease liability against right of use assets	25,339,668	28,020,279	23,945,311	4,074,968
Trade and other payables	1,254,058,952	1,254,058,952	1,254,058,952	-
Payable against purchase of investment - net	21,078,278	21,078,278	21,078,278	-
Unclaimed dividend	38,371,131	38,371,131	38,371,131	-
Short term borrowings	4,422,763,535	4,422,763,535	4,422,763,535	-
Mark-up payable	204,691,207	204,691,207	204,691,207	-
	<b>15,963,237,988</b>	<b>17,964,997,970</b>	<b>8,035,922,556</b>	<b>9,929,075,414</b>
	2021			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	Rupees			
<b>Financial liabilities</b>				
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	-	-
	<b>14,611,796,564</b>	<b>16,355,714,752</b>	<b>7,055,832,041</b>	<b>9,220,854,527</b>

## 46.3 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.

### Transactional exposure in respect of non functional currency monetary Items

Monetary items in SEDPL, a subsidiary company, including financial assets and liabilities, denominated in currencies other than the functional currency are periodically translated to PKR equivalent, and the associated gain or loss is capitalized based on SECP's S.R.O. 986/(1)/2019. The foreign currency risk related to monetary items is managed as part of the Group's risk management strategy.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

Financial assets	2022		2021	
	Rupees	US Dollars	Rupees	US Dollars
Cash in hand	8,167	40	6,312	40
Bank balances	8,185,591	40,094	6,327,874	40,101

The following significant exchange rates were applicable during the year:

	Average rates		Reporting date rate	
	2022	2021	2022	2021
US Dollars to Pakistan Rupee	176.47	163.29	204.17	157.80

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 2021.

	Effect on profit and loss	
	2022	2021
As at 30 June		
Effect in US Dollars	(Rupees)	
	819,376	633,419

## 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:

	2022	2021
	(US Dollar)	
Long term loan	50,000,000	60,000,000
Accrued markup	404,782	328,563
Operational and maintenance payable	456,445	471,500
Net exposure	50,861,227	60,800,063

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

The following significant exchange rates applied during the year:

	Average rate		Rate on 30 June	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
US Dollar	176.47	163.29	204.17	157.80

The exchange differences on foreign currency borrowings to the extent of construction are capitalized. Remaining exchange differences are also being capitalized based on SECP's S.R.O. 986/(1)/2019 dated September 02, 2019. The Company is also covered under the EPA to recover the forex loss under the tariff.

## 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	
	2022 (Rupees)	2021
US Dollar balance	103,843,367	96,246,499

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	2022	2021
<b>Financial assets - variable rate instruments</b>		<b>Carrying amounts (in Rupees)</b>	
Long term loan to a related party	12	134,970,641	163,404,133
Receivable against reverse repo		-	268,568,516
Bank balances	19	2,401,508,898	3,724,868,957
Corporate debt securities	18.3	1,021,702,293	169,265,468
<b>Financial liabilities</b>			
Variable rate instruments			
Long term loans	25	9,498,000,000	9,020,261,481
Short term finances	32	4,422,763,535	3,437,053,359
Sub-ordinated loan		-	-
Fixed rate instruments			
Loan under State Bank of Pakistan scheme	28	9,654,142	25,023,885
Lease liability against right of use assets	27	25,339,668	62,945,714

## 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 and other comprehensive income for the year by the amounts shown below.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## As at 30 June 2022

	Profit and loss 100 bps	
	Increase Rupees	Decrease Rupees
Variable rate financial liabilities	<b>(139,207,635)</b>	139,207,635
Variable rate financial assets	<b>25,364,795</b>	(25,364,795)
As at 30 June 2021		
Variable rate financial liabilities	<b>(124,573,148)</b>	124,573,148
Variable rate financial assets	<b>41,568,416</b>	(41,568,416)

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 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 Group is exposed to equity price risk since it has investments in 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 12.2.

## Sensitivity analysis

The table below summarizes the Group's equity price risk as of 30 June 2022 and 2021 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	2022 (Rupees)	2021
Investments in unquoted equity shares	11.2	<b>642,745,423</b>	54,754,771
Investments in listed shares	18	<b>9,688,906,755</b>	7,839,400,891

	Fair value at year end 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)					
<b>30 June 2022</b>	<b>10,332</b>	<b>30% increase</b>	<b>13,431</b>	<b>12,596</b>	<b>(9,496)</b>
		<b>30% decrease</b>	<b>7,232</b>	<b>(12,596)</b>	<b>9,496</b>
30 June 2021	7,894	30% increase	10,262	269	2,099
		30% decrease	5,526	(269)	(2,099)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 46.4 Financial instruments by categories

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

	Mandatorily at FVTPL	FVOCI - Equity Instrument	Designated at FVTPL	Financial assets / liabilities at amortized cost
(Rupees)				
<b>30 June 2022</b>				
<b>Financial assets measured at fair value</b>				
Equity securities	9,688,906,755	600,000,000	42,745,423	-
Corporate debt securities	-	-	1,021,702,293	-
<b>Financial assets not measured at fair value</b>				
Cash and bank balances	-	-	-	2,586,858,066
Trade debts	-	-	-	4,179,622,743
Long term deposits	-	-	-	15,651,202
Loans	-	-	-	966,242,451
Accrued mark-up and other receivables	-	-	-	493,483,156
Deposits	-	-	-	13,417,533
	<b>9,688,906,755</b>	<b>600,000,000</b>	<b>1,064,447,716</b>	<b>8,255,275,151</b>
<b>Financial liabilities not measured at fair value</b>				
Long term loans	-	-	-	9,984,480,560
Land lease liability	-	-	-	12,454,657
Lease liability against right of use assets	-	-	-	25,339,668
Trade and other payables	-	-	-	1,254,058,952
Payable against purchase of investment - net	-	-	-	21,078,278
Unclaimed dividend	-	-	-	38,371,131
Short term borrowings	-	-	-	4,422,763,535
Mark-up payable	-	-	-	204,691,207
	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,963,237,988</b>
(Rupees)				
<b>30 June 2021</b>				
<b>Financial assets measured at fair value</b>				
Equity securities	7,632,492,911	206,907,980	54,754,771	-
Corporate debt securities	-	-	169,265,468	-
<b>Financial assets not measured at fair value</b>				
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
	<b>7,632,492,911</b>	<b>206,907,980</b>	<b>224,020,239</b>	<b>9,498,702,843</b>
<b>Financial liabilities not measured at fair value</b>				
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
	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,611,796,564</b>

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For the year ended 30<sup>th</sup> June 2022

## 46.5 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 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
<i>Changes from financing cash flows</i>								
Repayment of loan	-	(1,847,500,000)	-	-	-	-	-	(1,847,500,000)
Proceeds from loan under SBP scheme	-	-	-	-	-	-	-	-
Repayment of loan under SBP scheme	-	(15,369,744)	-	-	-	-	-	(15,369,744)
Lease rentals paid	-	-	(60,916,855)	-	-	-	-	(60,916,855)
Dividend paid	-	-	-	-	-	(1,225,125,000)	-	(1,225,125,000)
Distribution by subsidiary to non-controlling interest	-	-	-	-	-	-	(181,541,160)	(181,541,160)
<b>Total changes from financing activities</b>	-	(1,862,869,744)	(60,916,855)	-	-	(1,225,125,000)	(181,541,160)	(3,330,452,759)
<i>Other changes</i>								
Interest expense	241,880,531	473,954,919	4,961,607	-	-	-	-	720,797,057
Interest paid	(147,565,824)	(442,606,603)	-	-	-	-	-	(590,172,427)
Additions / modifications to lease liabilities	-	-	18,349,202	-	-	-	-	18,349,202
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	-	152,564,938	-	-	-	-	-	152,564,938
Impact of revaluation of foreign liability	-	2,649,500,000	-	-	-	-	-	2,649,500,000
Disposal of equity interest in subsidiary without control	-	-	-	-	-	(175,583,354)	337,493,354	161,910,000
Changes in running finance - net	985,710,176	-	-	-	-	-	-	985,710,176
<b>Total loan related other changes</b>	1,080,024,883	2,833,413,254	23,310,809	384,543	-	(175,583,354)	337,493,354	4,099,043,489
<b>Total equity related other changes</b>	-	-	-	-	(19,404,859)	3,454,315,697	528,626,023	3,963,536,861
<b>Balance as at 30 June 2022</b>	<b>4,544,049,864</b>	<b>10,067,885,438</b>	<b>25,339,668</b>	<b>12,454,657</b>	<b>4,035,000,165</b>	<b>23,920,777,173</b>	<b>3,570,144,157</b>	<b>46,175,651,122</b>
<b>Difference</b>	-	-	-	-	-	-	-	-
<b>Principal</b>	<b>4,422,763,535</b>	<b>9,984,480,560</b>	<b>25,339,668</b>	<b>12,454,657</b>	-	-	-	-
<b>Mark-up</b>	<b>121,286,329</b>	<b>83,404,878</b>	-	-	-	-	-	-
<b>Equity</b>	-	-	-	-	4,035,000,165	23,920,777,173	3,570,144,157	-
	4,544,049,864	10,067,885,438	25,339,668	12,454,657	4,035,000,165	23,920,777,173	3,570,144,157	46,175,651,122

	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
<i>Changes from financing cash flows</i>								
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)
<b>Total changes from financing activities</b>	<b>(300,000,000)</b>	<b>(2,048,598,699)</b>	<b>(35,730,327)</b>	<b>-</b>	<b>-</b>	<b>(612,562,500)</b>	<b>(45,385,290)</b>	<b>(3,042,276,816)</b>
<i>Other changes</i>								
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 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
<b>Total loan related other changes</b>	<b>(66,505,295)</b>	<b>(644,266,348)</b>	<b>32,955,536</b>	<b>384,543</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(677,431,564)</b>
<b>Total equity related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(258,504,769)</b>	<b>7,600,807,389</b>	<b>844,233,708</b>	<b>8,186,536,328</b>
<b>Balance as at 30 June 2021</b>	<b>3,464,024,981</b>	<b>9,097,341,928</b>	<b>62,945,714</b>	<b>12,070,114</b>	<b>4,054,405,024</b>	<b>21,867,169,830</b>	<b>2,885,565,940</b>	<b>41,443,523,531</b>
<b>Difference</b>	-	-	-	-	-	-	-	41,443,523,531
<b>Principal</b>	<b>3,437,053,359</b>	<b>9,045,285,366</b>	<b>62,945,714</b>	<b>12,070,114</b>	-	-	-	-
<b>Mark-up</b>	<b>26,971,622</b>	<b>52,056,562</b>	-	-	-	-	-	-
<b>Equity</b>	-	-	-	-	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

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For the year ended 30<sup>th</sup> June 2022

## 47. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

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 2022					Fair value		
	Carrying amount					Level		
	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)							
<b>Financial assets</b>								
<b>measured at fair value</b>								
Equity securities	9,688,906,755	600,000,000	-	-	-	9,646,161,332	-	642,745,423
Debt securities	1,021,702,293	-	-	-	-	-	1,021,702,293	-
<b>Financial assets not</b>								
<b>measured at fair value</b>								
Cash and bank balances	-	-	2,586,858,066	-	-	-	-	-
Trade debts	-	-	4,179,622,743	-	-	-	-	-
Deposits	-	-	29,068,735	-	-	-	-	-
Loans (long term and short term)	-	-	966,242,451	-	-	-	-	-
Accrued mark-up and other receivables	-	-	493,483,156	-	-	-	-	-
	<b>10,710,609,048</b>	<b>600,000,000</b>	<b>8,255,275,151</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not</b>								
<b>measured at fair value</b>								
Long term loans	-	-	-	-	9,984,480,560	-	-	-
Land lease liability	-	-	-	-	12,454,657	-	-	-
Lease liability against right of use assets	-	-	-	-	25,339,668	-	-	-
Trade and other payables	-	-	-	-	1,254,058,952	-	-	-
Payable against purchase of investment - net	-	-	-	-	21,078,278	-	-	-
Unclaimed dividend	-	-	-	-	38,371,131	-	-	-
Short term borrowings	-	-	-	-	4,422,763,535	-	-	-
Mark-up payable	-	-	-	-	204,691,207	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,963,237,988</b>	<b>-</b>	<b>-</b>	<b>-</b>

	30 June 2021					Fair value		
	Carrying amount					Level		
	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)							
<b>Financial assets</b>								
<b>measured at fair value</b>								
Equity securities	7,687,247,682	206,907,980	-	-	-	7,839,400,891	-	54,754,771
Debt securities	169,265,468	-	-	-	-	-	169,265,468	-
<b>Financial assets not</b>								
<b>measured at fair value</b>								
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	-	-	-	-	-
	<b>7,856,513,150</b>	<b>206,907,980</b>	<b>9,498,702,843</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not</b>								
<b>measured at fair value</b>								
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	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,611,796,564</b>	<b>-</b>	<b>-</b>	<b>-</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

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:

	2022	2021
Unlisted equity instruments	(Rupees)	
<b>Balance at 1 July</b>	<b>54,754,771</b>	45,056,656
Total gains recognised in consolidated statement of profit or loss on remeasurement of investment	<b>(12,009,348)</b>	9,698,115
<b>Balance at 30 June</b>	<b>42,745,423</b>	54,754,771

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
<b>Non-financial assets at fair value</b>			
Investment Properties Level 3	30 June 2022	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.
<b>Financial assets at fair value</b>			
Equity securities - unquoted Level 3	30 June 2022	Discounted cash flows: The valuation model considers the present value of future cash flow of investee companies { (LSE Financial Services Limited (LSE) and ISE Towers REIT Management Company Limited (ISE) } 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	Generally, a change in the annual growth rate is accompanied by a directionally similar change in EBITDA margin.
		Long term return on equity	
		LSE 5.00% 21.36%	ISE 5.00% 15.20%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

Term Finance Certificates (TFCs) Level 2	30 June 2022	Market comparison The fair value is determined considering trade notes quoted by MUFAP.	Not applicable
Silk Islamic Development (REIT) ("SIDR")	30 June 2022	The Company has valued this investment on fair value basis using the assumption that as the primary asset of REIT comprises parcels of land (Land) which have been recently purchased by the REIT, The Land has been valued by third party valuer M/s Tristar, which approximates the fair value of consideration paid in respect of purchase of such land as at June 30, 2022. Hence, based on above, the proportionate fair value of the Investment approximates the investment made by the Company in the REIT Units as at June 30, 2022.	

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 (2021: Rs. 1,968.8 million) has been classified under level 3 in fair value hierarchy.

### 48. CAPITAL MANAGEMENT

**48.1** 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 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 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 Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

**48.2** The Capital adequacy level of AHL as required by CDC is calculated as follows;

	2022	2021
	(Rupees)	
Total assets	8,985,828,345	8,519,144,455
Less: Total liabilities	(3,757,503,512)	(3,476,761,985)
Less: Revaluation Reserves (created upon revaluation of fixed assets)	(15,432,500)	(15,432,500)
Capital adequacy level	5,212,892,333	5,026,949,970

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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 48.3 Liquid Capital of AHL

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>1. Assets</b>				
1.1	Property & Equipment	1,773,866,103	1,773,866,103	-
1.2	Intangible Assets	6,087,502	6,087,502	-
1.3	Investment in Govt. Securities (Difference between BV and SV on the date on the basis of PKRV published by NIFT)	-	-	-
	<b>Investment in Debt. Securities</b>			
	<b>If listed than:</b>			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	71,702,294	3,585,115	68,117,179
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	<b>If unlisted than:</b>			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	950,000,000	95,000,000	855,000,000
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	<b>Investment in Equity Securities</b>			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	4,199,976,734	679,731,693	3,520,245,041
	ii. If unlisted, 100% of carrying value.	42,745,423	42,745,423	-
	iii. In case any securities are pledged, except those pledged on favour of securities exchange or clearing house against margin requirements or pledged in favour of banks against short-term financing arrangements, 100% haircut shall be applied for the purposes of computation of adjusted value of assets.	13,723,750	13,723,750	-
1.6	Investment in subsidiaries	81,558,105	81,558,105	-
	<b>Investment in associated companies/undertaking</b>			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	37,102,625	9,631,864	27,470,761
	ii. If unlisted, 100% of net value.	-	-	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	1,960,461	1,960,461	-
1.9	Margin deposits with exchange and clearing house.	8,629,396	-	8,629,396
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	28,968,444	28,968,444	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.		-	-
1.13	Dividends receivables.		-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. <b>(Securities purchased under repo arrangement shall not be included in the investments.)</b>	115,089,608	-	115,089,608
1.15	Advances and receivables other than trade receivables 1) 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, 100% of net value	24,566,031	24,566,031	-
	<b>Receivables from clearing house or securities exchange(s)</b>			
1.16	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
1.17	<b>Receivables from customers</b>			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. <b>i. Lower of net balance sheet value or value determined through adjustments.</b>	395,380,659	8,466,907	386,913,752
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <b>ii. Net amount after deducting haircut</b>	-	-	-
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <b>iii. Net amount after deducting haircut</b>	-	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

S. No.	Head of Accounts	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>1. Assets</b>				
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <b>iv. Balance sheet value</b>	114,111,697	-	114,111,697
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. <b>v. Lower of net balance sheet value or value determined through adjustments</b>	50,100,616	9,134,808	40,965,808
	<b>vi. 100% haircut in the case of amount receivable form related parties.</b>	1,925,905	1,925,905	-
	<b>Cash and Bank balances</b>			
	i. Bank Balance-proprietary accounts	80,694,817	-	80,694,817
1.18	ii. Bank balance-customer accounts	986,950,456	-	986,950,456
	iii. Cash in hand	687,719	-	687,719
1.19	Subscription money against investment in IPO / offer for sale (asset). (No haircut may be applied in respect of amount paid as subscription money provided that shares have not bell allotted or are not included in the investments of securities broker).			
1.20	<b>Total Assets</b>	<b>8,985,828,345</b>		<b>6,204,876,234</b>
<b>2. Liabilities</b>				
	<b>Trade Payables</b>			
	i. Payable to exchanges and clearing house	21,078,278	-	21,078,278
2.1	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	952,177,136	-	952,177,136
	<b>Current Liabilities</b>			
	i. Statutory and regulatory dues	50,358,392	-	50,358,392
	ii. Accruals and other payables	212,039,795	-	212,039,795
	iii. Short-term borrowings	2,431,969,617	-	2,431,969,617
2.2	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	15,894,070	-	15,894,070
	vi. Deferred Liabilities	-	-	-
	vii. Provision for taxation	70,302,865	-	70,302,865
	Viii. Other liabilities as per accounting principles and included in the financial statements		-	-
	<b>Non-Current Liabilities</b>			
	i. Long-Term financing	-	-	-
2.3	ii. Staff retirement benefits			
	iii. Other liabilities as per accounting principles and included in the financial statements	30,388,008	-	30,388,008
	1. 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases. 2. Nil in all other cases.	-		
	<b>Subordinated Loans</b>	-	-	-
2.4	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:			
2.5	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) BOD 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.			
2.6	<b>Total Liabilities</b>	<b>3,784,208,161</b>		<b>3,784,208,161</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.	<b>Ranking Liabilities Relating to:</b>			
	<b>Concentration in Margin Financing</b>			
3.1	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.	-	230,472,464	230,472,464
	<b>Concentration in securities lending and borrowing</b>			
3.2	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
	<b>Net underwriting Commitments</b>			
3.3	<b>(a) in the case of right issues :</b> 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>(b) in any other case :</b> 12.5% of the net underwriting commitments	-	-	-
3.	<b>Ranking Liabilities Relating to :</b>			
	<b>Negative equity of subsidiary</b>			
3.4	The amount by which the total assets of the subsidiary ( excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
	<b>Foreign exchange agreements and foreign currency positions</b>			
3.5	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	Amount Payable under REPO	-	-	-
	<b>Repo adjustment</b>			
3.7	<b>In the case of financier/purchaser</b> the total amount receivable under Repo less the 110% of the market value of underlying securities. <b>In the case of financee/seller</b> 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.	-	63,427,192	63,427,192
	<b>Concentrated proprietary positions</b>			
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	-	-
	<b>Opening Positions in futures and options</b>			
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts	-	-	-
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
	<b>Short sell positions</b>			
3.10	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. Incase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	<b>Total Ranking Liabilities</b>	-	293,899,656	
		5,201,620,184		2,126,768,418

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 49. 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 45 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	2022	2021
		(Rupees)	
Associates			
Fatima Fertilizer Company Limited	Dividend received	1,116,500,721	1,435,500,927
MCB - Arif Habib Savings and Investments Limited	Dividend received	102,904,793	97,488,752
Pakarab Fertilizers Limited	Loan extended	813,153,536	-
	Markup on loan	28,365,691	-
Associated companies by virtue of common directorship and other related parties			
Aisha Steel Mills Limited	Loan extended	1,725,000,000	1,630,000,000
	Loan repaid	1,753,433,492	1,630,000,000
	Markup on loan	23,102,714	33,356,858
	Guarantee commission	2,028,465	4,453,511
	Dividend income	58,143,232	-
Power Cement Limited	Loan extended	1,000,000,000	462,000,000
	Loan repaid	1,000,000,000	462,000,000
	Markup on loan	3,406,987	922,124
	Guarantee commission	1,037,120	2,037,768
Safe Mix Concrete Limited	Loan extended	173,600,000	-
	Loan repaid	155,481,726	-
	Markup on loan	1,818,274	-
Javedan Corporation Limited	Mark-up income on loan	12,915,710	1,393,518
	Mark-up paid on loan	20,157,189	-
	Loan extended	380,000,000	450,000,000
	Loan recovered	380,000,000	450,000,000
	Loan obtained	1,780,000,000	-
	Loan repaid	980,000,000	-
	Purchase of Plots	-	152,500,000
	Brokerage commission on sale of securities	322,500	322,500
	Advance against booking of flats	64,942,880	-
	Sale of investment property	1,410,000,000	-
	Development charges paid	22,375,601	-
	Trade receivable at year end	80,000	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

Name of the related party	Transactions during the year	2022 (Rupees)	2021
	Advance against committed sale of investment property	64,942,880	-
	Loan payable	800,000,000	-
	Mark-up receivable	10,192,861	-
	Mark-up payable	3,144,411	-
	Receivable against sale of investment property	5,126,734	5,126,734
Arif Habib Dolmen REIT Management Limited	Bank charges recovered	8,814,000	-
	Brokerage commission on sale of securities	516,000	232,000
	Trade Receivable	10,556	-
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of utilities, insurance and maintenance charges	70,110,597	61,130,366
	Brokerage Commission Earned	616,807	2,078,345
	Prepaid rent	746,370	-
	Trade Receivable	4,194	31,083
Arif Habib Securities Limited - Employees Provident Fund	Contribution paid	2,889,362	2,811,526
Arif Habib Equity (Private) Limited	Brokerage Commission Earned	826,625	21,425
	Sale of Plot	-	153,000,000
	Loan Obtained	-	55,000,000
	Loan Repaid	-	55,000,000
	Markup charged	-	112,712
	Trade Receivable	20,208	156,484
Arif Habib Limited Securities Limited - Provident Fund	Contribution paid	10,530,000	7,794,550
<b>Key management personnel</b>			
Mr. Arif Habib (CEO of the Parent Company)	Dividend paid	986,762,901	482,924,951
	Brokerage commission earned	6,534,591	7,292,830
	Loan obtained	-	2,051,000,000
	Loan repaid	-	2,351,000,000
	Markup on loan charged / Paid	-	18,074,328
	Trade Receivable	51,962	49,556
Mr. Asadullah Khawaja (Director of Parent Company)	Meeting fee paid	200,000	200,000
	Dividend Paid	243,018	121,509
Mr. Sirajuddin Cassim (Director of Parent Company)	Meeting fee paid	300,000	225,000
	Dividend Paid	689,679	344,840
Ms. Zeba Bakhtiar (Director of Parent Company)	Meeting fee paid	200,000	-
	Dividend Paid	300	-
Dr. Shamshad Akhtar (Director of Parent Company)	Meeting fee paid	-	200,000
	Dividend Paid	-	150

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

Name of the related party	Transactions during the year	2022 (Rupees)	2021
Zafar Alam (Chairman of subsidiary company)	Brokerage Commission earned	189,239	1,644,264
	Meeting fee paid	-	75,000
	Meeting Fee Payable	-	25,000
	Balance payable at year end	52,721	1,129,484
Muhammad Shahid Ali (CEO of Subsidiary Company)	Brokerage commission earned	9,842,849	16,731,270
	Balance payable at year end	108,175,990	112,754,445
Muhammad Haroon (Director of subsidiary company)	Brokerage commission earned	414,630	400,987
	Balance payable at year end	24,876	29,147
	Meeting Fee Payable	-	25,000
	Meeting fee paid	-	75,000
Sharmin Shahid (Director of subsidiary company)	Brokerage commission earned	1,087,016	2,690,583
	Dividend paid	-	25,000
	Meeting Fee Paid	-	75,000
	Balance receivable at year end	4,283	8,340
Nida Ahsan (Director of subsidiary company)	Brokerage commission earned	706,454	520,335
	Meeting Fee Paid	-	50,000
	Meeting Fee Payable	-	25,000
	Balance payable at year end	-	9,346,762
	Balance receivable at year end	7,928	-
Mohsin Madni (CFO Parent Company & Director Subsidiary Company)	Brokerage commission earned	12,253	22,519
	Balance payable at year end	485	191,512
Samad A. Habib (Director of Parent Company)	Brokerage commission earned	683,323	1,786,631
	Dividend paid	3,018	1,509
	Balance payable at year end	-	872,251
	Balance receivable at year end	1,667,893	-
Kashif A. Habib (Director of Parent Company)	Brokerage commission earned	-	4,000
	Balance receivable at year end	12,666	4,075,266
	Dividend paid	105,870	52,935
Mr. Nasim Beg (Director of Parent Company)	Dividend paid	15,234	3,117
Mr. Muhammad Ejaz (Director of Parent Company)	Dividend paid	363	182
Ahsan Mehnti (Director of Subsidiary Company)	Liability adjusted against receivable	3,862,500	-
	Commission paid	12,732,444	-
	Balance receivable	45,569,134	-
	Balance payable	-	3,862,500
	Commission payable	-	10,629,069
Muhammad Sohail Salat (Director of Subsidiary Company)	Balance receivable	599	599



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 50. SEGMENT INFORMATION

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

	2022				
	Capital market operations	Brokerage	Energy Development	Others	Consolidated
	Rupees				
<b>Revenues</b>					
Revenue	170,199,881	1,181,614,777	4,000,287,983	29,397,268	5,381,499,909
Loss on remeasurement of investments - net	(832,863,386)	(463,627,979)			(1,296,491,365)
Gain on remeasurement of investment property	-	71,212,860	-	-	71,212,860
Gain on sale of securities - net	681,664,517	(9,647,857)	-	-	672,016,660
Unrealised gain on remeasurement of investment property	-	940,000,000	-	-	940,000,000
	19,001,012	1,719,551,801	4,000,287,983	29,397,268	5,768,238,064
Cost of energy sales	-	-	(1,300,470,724)	-	(1,300,470,724)
Administrative expenses	(120,438,910)	(578,338,530)	(83,505,758)	(33,343,053)	(815,626,251)
	(101,437,898)	1,141,213,271	2,616,311,501	(3,945,785)	3,652,141,089
Other income	2,567,167	31,605,695	26,933,887	2,479,899	63,586,648
	(98,870,731)	1,172,818,966	2,643,245,388	(1,465,886)	3,715,727,737
Finance cost and other charges	(121,750,902)	(203,179,930)	(648,389,636)	(14,552)	(973,335,020)
	(220,621,633)	969,639,036	1,994,855,752	(1,480,438)	2,742,392,717
Share of profit from equity accounted associates - net of tax	2,309,547,671	-	-	-	2,309,547,671
<b>Segment results</b>	2,088,926,038	969,639,036	1,994,855,752	(1,480,438)	5,051,940,388
Taxation	(869,972,562)	(143,581,080)	(29,271,234)	(478,468)	(1,043,303,344)
<b>Profit after tax</b>	1,218,953,476	826,057,956	1,965,584,518	(1,958,906)	4,008,637,044
	2021				
	Capital market operations	Brokerage	Energy Development	Others	Consolidated
	Rupees				
<b>Revenues</b>					
Revenue	78,170,633	1,547,428,183	3,862,989,166	35,014,494	5,523,602,476
Gain 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
<b>Segment results</b>	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)
<b>Profit after tax</b>	4,416,645,451	2,085,447,290	1,873,958,837	19,267,061	8,395,318,639

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

		2022			
	Capital market operations	Brokerage	Energy Development	Others	Consolidated
	Rupees				
<b>Other information</b>					
Segment assets	8,380,326,831	8,951,945,535	21,267,117,003	77,109,312	38,676,498,681
Investment in equity accounted associates	15,574,980,504	-	-	-	15,574,980,504
	23,955,307,335	8,951,945,535	21,267,117,003	77,109,312	54,251,479,185
<b>Segment liabilities</b>	4,439,907,020	3,768,709,379	10,430,975,660	1,498,558	18,641,090,617
Capital expenditure	3,507,799	26,874,470	1,419,716	1,039,556	32,841,541
Depreciation and amortisation	19,339,647	40,883,877	895,630,438	372,587	956,226,549
Expenses other than depreciation and amortisation	(101,099,263)	(537,454,653)	(488,346,044)	(32,970,466)	(1,159,870,426)
	Capital market operations	Brokerage	2021 Energy Development	Others	Consolidated
	Rupees				
<b>Other information</b>					
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
<b>Segment liabilities</b>	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)	(475,207,928)	(30,164,647)	(1,204,452,739)

## Reconciliations of reportable segment revenues, profit or loss and assets and liabilities

### Operating revenues

	2022	2021
	(Rupees)	
Total revenue for reportable segments	7,036,332,527	5,644,413,925
Elimination of inter-segment revenue	(1,654,832,618)	(120,811,449)
Consolidated revenue	5,381,499,909	5,523,602,476

### Profit or loss

Total profit or loss before tax for reportable segments	6,537,586,659	9,352,542,136
Elimination of inter-segment revenue / expense	(2,528,949,615)	(53,114,710)
Consolidated profit before tax	4,008,637,044	9,299,427,426

## 50.1 CAPACITY AND PRODUCTION

	2022	2021
	(Megawatt hours)	
Sachal Energy Development (Private) Limited		
Annual benchmark energy	136,500	136,500
Actual energy delivered	131,375	110,704

**50.1.1** Actual energy delivered has remained below annual benchmark energy due to monthly actual wind speed being less than the monthly benchmark wind speed as per energy purchase agreement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

## 51. NUMBER OF EMPLOYEES

### Parent Company:

Number of employees as at 30 June  
Average number of employees

### Subsidiary Company, AHL:

Number of employees as at 30 June  
Average number of employees

### Subsidiary Company, AHCPL:

Number of employees as at 30 June  
Average number of employees

### Subsidiary Company, AH1857:

Number of employees as at 30 June  
Average number of employees

### Subsidiary Company, BGPL:

Number of employees as at 30 June  
Average number of employees

### Subsidiary Company, SEDPL:

Number of employees as at 30 June  
Average number of employees

2022 2021

25	23
24	24
177	182
189	154
12	17
15	15
-	-
-	-
3	3
3	3
53	54
52	52

## 52. CORRESPONDING FIGURES

### Reclassified from component

Advisory and consultancy fee  
(Trade debts)

Brokerage and operating  
(Trade debts)

Markup on margin financing  
(Other income)

Receivable against reverse repo  
arrangements (Loan and advances)

Brokerage and operating revenue  
(Revenue)

Brokerage and operating revenue  
(Revenue)

Quoted equity securities  
(Short term investments)

Sale of GSCERs  
(Other income)

Sales tax payable  
(Trade and other payable)

Gain on sale of investment properties  
(Other income)

### Reclassified to component

Proceeds from sale of investment property  
(Other receivable)

Inter bank brokerage - unsecured  
(Trade debts)

Markup on margin financing  
(Revenue)

Receivable against reverse repo  
(Accrued markup and other receivable)

Inter bank brokerage revenue  
(Revenue)

Commodity brokerage revenue  
(Revenue)

Receivable under margin trading system

Sale of GSCERs  
(Revenue)

Sales tax payable

Gain on sale of investment properties

### Amount (Rupees)

5,126,734
25,625,455
32,966,903
268,568,516
86,956,373
34,685,656
29,364,547
36,633,209
167,558,320
500,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2022

### 53. NON ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors of the Parent Company has proposed a cash dividend of Rs. 4.00 (2021: Rs. 3.00) per share amounting to Rs. 1,633,500,000 (2021: Rs. 1,225,125,000) at its meeting held on 30 September 2022 for the approval of the members at the annual general meeting to be held on 28 October 2022. These consolidated financial statements for the year ended 30 June 2022 do not include the effect of the proposed final cash dividend which will be accounted in the year ending 30 June 2023.

The Board of Directors of AHL has proposed a final cash dividend of Rs. 6/- (2021: Rs. 10/-) per share amounting to Rs. 392.04 million (2021: Rs. 594 million) and Nil bonus shares (2021: bonus shares in the proportion of 10 shares for every 100 shares held (i.e. 10%)) at its meeting held on 31 August 2022 for the approval of the members at the annual general meeting to be held on 15 October 2022. These consolidated financial statements for the year ended 30 June 2022 do not include the effect of the proposed final cash dividend which will be accounted in the year ending 30 June 2023.

The board of directors of SEDPL in their meeting held on 22 September 2022 have recommended a cash dividend @ Rs. 2.5 per share, amounting to Rs. 800,000,000, subject to written consent of the lenders, for approval of shareholders in Annual General Meeting. These consolidated financial statements for the year ended 30 June 2022 do not include the effect of the proposed final cash dividend which will be accounted in the year ending 30 June 2023.

### 54. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been authorised for issue on 30 September 2022 by the Board of Directors of the Parent Company.



Chief Executive Officer



Director



Chief Financial Officer

# CORPORATE CALENDAR OF MAJOR EVENTS

- **RESULTS**

The Company follows the period of 1<sup>st</sup> July to 30<sup>th</sup> June as the Financial Year.

For the Financial Year ending on 30<sup>th</sup> June 2023, Financial Results will be announced as per the following tentative schedule:



- **ISSUANCE OF ANNUAL REPORT**

21 days before AGM i.e. on or before date.

- **28<sup>th</sup> ANNUAL GENERAL MEETING**

The 28<sup>th</sup> Annual General Meeting of the Shareholders of Arif Habib Corporation Limited ("the Company") will be held on Friday 28 October, 2022 on 09:30 A.M at the PSX Auditorium, Stock Exchange Building, Stock Exchange Road, Karachi.

- **CASH DIVIDEND**

A final Cash Dividend for the year ended 30<sup>th</sup> June 2022 at Rs. 4.00 per share i.e. 40% 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 21<sup>st</sup> October 2022, and the company expects to pay the final dividend on or before 18<sup>th</sup> November 2022, 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](mailto:info@arifhabibcorp.com)  
Website: [www.arifhabibcorp.com](http://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](http://www.cdcrsl.com)  
Email: [info@cdcrsl.com](mailto: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](mailto:manzoor.raza@arifhabibcorp.com)

Mr. Mohsin Rajab Ali  
Tel: (021) 111-111-500  
Email: [mohsin\\_rajabali@cdcrsl.com](mailto: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 22<sup>nd</sup> October 2022 to 28<sup>th</sup> October 2022 (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 Friday, 21<sup>st</sup> October 2022 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](http://www.arifhabibcorp.com)

## **SHAREHOLDING PATTERN**

The shareholding pattern of the equity share capital of the Company as on 30<sup>th</sup> June 2022 along with categories of shareholders are given on page 39 of this report.

# NOTICE OF TWENTY EIGHTH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Shareholders of Arif Habib Corporation Limited ("the Company") will be held on Friday, 28<sup>th</sup> October, 2022 at 9:30 a.m. at PSX Auditorium, Stock Exchange Building, Stock Exchange Road, Karachi to transact the following business:

## Ordinary Business

- 1) To confirm minutes of the Extra Ordinary General Meeting held on 21<sup>st</sup> September 2022.
- 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<sup>th</sup> June 2022 together with the Audited Consolidated Financial Statements of the Company and the Auditors' Reports thereon for the year ended 30<sup>th</sup> June 2022.
- 3) To appoint the Auditors for the year ending 30<sup>th</sup> June 2023 and fix their remuneration. The Board of Directors has recommended for appointment of M/s. A. F. Ferguson & Co., Chartered Accountants as external auditors.
- 4) To consider and approve final Cash Dividend for the year ended 30<sup>th</sup> June 2022 at Rs.4.00 per share i.e. 40% 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 30<sup>th</sup> June 2023 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<sup>th</sup> June 2023."

**"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 or for a longer period (as applicable), 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 annual general meeting(s) for further period(s) as specified."

	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.	1,000	-	359	PKR 3,132
2	Arif Habib Ltd.	-	-	490	PKR 5,500
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.	1,000	-	-	PKR 8,203 plus USD 80
9	Power Cement Ltd.	-	-	1,053	PKR 1,500 plus USD 49
10	Sachal Energy Development (Pvt.) Ltd.	-	-	754	PKR 1,000 plus USD 100
11	Safe Mix Concrete Ltd.	100	100	150	PKR 150
12	Dolmen City REIT	-	-	799	-
13	Pakistan Corporate CBD REIT	2,000	-	-	-
14	REITS under management of Arif Habib Dolmen REIT Management Ltd.	10,000	-	-	-
15	National Resources (Pvt.) Ltd.	-	-	To be lapsed	-

**"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 to ratify the equity investments in Silk Islamic Development REIT (SIDR) and Pakistan Corporate CBD REIT amounting to Rs. 600 million and Rs. 279 million respectively, already made with an understanding (supported by legal opinion) that the subject investments did not trigger obtaining approval vide a special resolution."

**"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 to ratify the equity investment in Aisha Steel Mills Limited (an associate) amounting to Rs.88 million made in excess of available limit of approval by the shareholders due to calculation error / oversight."

**"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: 7<sup>th</sup> October 2022

## Notes:

1. Share transfer books of the Company will remain closed from 22nd October 2022 to 28<sup>th</sup> October 2022 (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 Friday, 21<sup>st</sup> October 2022 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 26<sup>th</sup> 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, in order to maximize the member's participation, the Company is convening this AGM via video link in addition to holding physical meeting with shareholders.

The Company has 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](mailto:corporate.affairs@arifhabibcorp.com) with subject of 'Registration for AHCL AGM 2022' 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 cash dividends (if any) 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 (if any) 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 (if any) 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 (CDCSRL), 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 2022, each shareholder entitled to cash dividend will be assumed to have equal proportion of shareholding with respective jointholder(s) 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 (CDCSRL) 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 2022 (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 (CDCSRL) is available to facilitate the shareholders regarding conversion procedure.

## 16. Provision of Information by shareholders

To comply with various statutory requirements, and to avoid any non-compliance of law or any inconvenience in future, all shareholders are hereby advised to coordinate / update their records with their respective Participant / CDC Investor Account Services / AHCL's Share Registrar (CDCSRL) in connection with provision of mandatory registration details in terms of Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018.



# **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 30<sup>TH</sup> JUNE 2022 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 30<sup>th</sup> June 2023 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 30<sup>th</sup> June 2023, 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 the investments in the form of equity and loans/advances/guarantees 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 existing / 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 or for a longer period (as applicable), with the option of renewal thereon.

#### 1 Investment in Securities

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 Habib, Mr. Muhammad Ejaz and Mr. Kashif Habib
III	Earnings per share (basic) for the last three years	Year 2022: 3.95 Year 2021: 0.87 Year 2020: 0.75
IV	Break - up value of share, based on the latest audited financial statements	PKR 50.82 per share as at 30 <sup>th</sup> June 2022
V	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<b>30<sup>th</sup> June 2022</b> <b>(PKR in Million)</b> Non-current assets 9,171 Current assets 24,089 Equity 19,355 Non-current liabilities 7,637 Current liabilities 6,268 Operating Revenue 4,343 Profit before Tax 1,756 Profit after Tax 1,505
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 PKR 1 billion is requested for approval. This is in addition to renewal requested separately for the unutilized limit of equity investment of PKR 359 million.
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	<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds</p> <p>1. Justification for investment through borrowing</p> <p>2. Detail of collateral, guarantees provided and assets pledged for obtaining such funds</p> <p>3. Cost benefit analysis</p>	<p>The investment may be made from Company's own available liquidity and/or credit lines.</p> <p>1. Higher rate of return</p> <p>2. Pledge of listed securities and / or charge over assets of the Company, if and where needed.</p> <p>3. Company expects to time the investment to earn return over and above the borrowing cost.</p>
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	<p>JCL reported earnings per share of PKR 3.95 for the year ended 30<sup>th</sup> June 2022 as compared to earnings per share of PKR 0.87 last year. Consequently, the investment is expected to add value to AHCL shareholders.</p> <p>Performance of JCL can be referred in Point III to V above.</p>
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: 38,061,117 (ordinary shares) being 9.99% holding in the company as on 30 <sup>th</sup> June 2022.  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 30 <sup>th</sup> September 2022: Current price per share: PKR 51.00 Weighted average market price per share of preceding twelve weeks: PKR 51.70.
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	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 Beg and Mr. Kashif Habib
III	Earnings per share for the last three years	Year 2022: 1.27 Year 2021: 8.21 Year 2020: (0.89)
IV	Break-up value of share, based on the latest audited financial statements	PKR 14.48 per share as at 30 <sup>th</sup> June 2022
V	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<b>30<sup>th</sup> June 2022</b> <b>(PKR in Million)</b> Non-current assets 20,036 Current assets 26,769 Equity 14,036 Non-current liabilities 5,100 Current liabilities 27,669 Operating Revenue 64,830 Profit before Tax 1,275 Profit after Tax 1,146
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

	<p>4. Expected time by which the project shall start paying return on investment; and</p> <p>5. Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</p>	
VII	Maximum amount of investment to be made	Fresh limit of PKR 1 billion is requested for approval. This is in addition to rectification of the equity investment sought separately amounting to Rs.88 million made in excess of available limit of approval by the shareholders due to calculation error / oversight.
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 up to next annual general meeting and shall be renewable thereon for further period(s).
IX	<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds</p> <p>1. Justification for investment through borrowing</p> <p>2. Detail of collateral, guarantees provided and assets pledged for obtaining such funds</p> <p>3. Cost benefit analysis</p>	<p>The investment may be made from Company's own available liquidity and/or credit lines.</p> <p>1. Higher rate of return</p> <p>2. Pledge of listed securities and / or charge over assets of the Company, if and where needed.</p> <p>3. Company's expects to time the investment to earn return over and above the borrowing cost.</p>
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	<p>ASML reported earnings per share of PKR 1.27 for the year ended 30<sup>th</sup> June 2022. The investment is expected to add value to AHCL shareholders.</p> <p>Performance of ASML can be referred in Point III to V above.</p>
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: 94,213,762 (ordinary shares) and 34,856,499 (preference shares) being 13.32% holding in the company as on 30 <sup>th</sup> June 2022. 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 30 <sup>th</sup> September 2022: Current price per share: PKR 10.34 (ordinary shares), PKR 14.14 (preference shares) and PKR 37.99 (cumulative preference shares) Weighted average market price per share of preceding twelve weeks: PKR 11.17 (ordinary shares), PKR 11.61 (preference shares) PKR 37.99 (cumulative preference 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	Safemix Concrete Limited ("SCL")
II	Basis of relationship	An associated undertaking due to common control & common directorships of Mr. Samad Habib and Mr. Kashif Habib.
III	Earnings per share for the last three years	Year 2021: 0.26 Year 2020: (3.95) Year 2019: (1.19)
IV	Break-up value of share, based on the latest audited financial statements	PKR 7.31 per share as at 30 <sup>th</sup> 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	<b>30<sup>th</sup> June 2021</b> <b>(PKR in Million)</b> Non-current assets 291 Current assets 230 Equity 183 Non-current liabilities 7 Current liabilities 331 Operating Revenue 221 Loss before Tax (1.4) Loss after Tax 6.6

VI	<p>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely:</p> <ol style="list-style-type: none"> <li>1. Description of the project and its history since conceptualization;</li> <li>2. Starting date and expected date of completion of work;</li> <li>3. Time by which such project shall become commercially operational;</li> <li>4. Expected time by which the project shall start paying return on investment; and</li> <li>5. Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non -cash amounts;</li> </ol>	Not applicable
VII	Maximum amount of investment to be made	Fresh limit of PKR 100 million is requested for approval. This is in addition to renewal requested separately for the unutilized limit of equity investment of PKR 150 million.
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	<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds</p> <ol style="list-style-type: none"> <li>1. Justification for investment through borrowing</li> <li>2. Detail of collateral, guarantees provided and assets pledged for obtaining such funds</li> <li>3. Cost benefit analysis</li> </ol>	<p>The investment may be made from Company's own available liquidity and/or credit lines.</p> <ol style="list-style-type: none"> <li>1. Higher rate of return</li> <li>2. Pledge of listed securities and / or charge over assets of the Company, if and where needed.</li> <li>3. Company's expects to time the investment to earn return over and above the borrowing cost.</li> </ol>
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	No investment has been made yet.  Performance of SCL 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 / based on Sr. Nos. VII & XIV
XVII	Number of securities and percentage thereof held before and after the proposed investment	Before: Nil (ordinary shares) being Nil% holding in the company as on 30 <sup>th</sup> June 2022.  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 30 <sup>th</sup> September 2022: Current price per share: PKR 12.00 Weighted average market price per share of preceding twelve weeks: PKR 10.13.
XIX	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	Not applicable

#### 4 Investment in Securities

Ref. No.	Requirement	Information
I	Name of associated company or associated undertaking	SILK Islamic Developmental REIT (SIDR)
II	Basis of relationship	SIDR is a REIT Scheme managed by Arif Habib Dolmen REIT Management Limited (AHDRML) (an associated company)
III	Earnings per share for the last three years	Year ended 30th June 2022 was the first accounting period of SIDR. Its first financial statements are under preparation.
IV	Break-up value of share, based on the latest audited financial statements	Please refer point # III
V	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Please refer point # III

VI	<p>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely:</p> <ol style="list-style-type: none"> <li>1. description of the project and its history since conceptualization;</li> <li>2. starting date and expected date of completion of work;</li> <li>3. time by which such project shall become commercially operational;</li> <li>4. expected time by which the project shall start paying return on investment; and</li> <li>5. funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</li> </ol>	<ol style="list-style-type: none"> <li>1. SIDR was created for investing in undeveloped land in Karachi with the objective of upliftment of area and development of real estate including construction and sale of residential apartment and commercial units. SIDR project is spread over 60 acres commercial real estate situated at Deh Jam Chakro, Surjani, Karachi, and is adjacent to Saima Arabian Villas, accessible directly from Shahrah-e-Usman / Hub Dam link road (Abdullah Chowrangi). SIDR has acquired land from Silk Bank Limited and World Group.</li> <li>2&amp;3. SIDR was registered on July 08, 2021. Total completion time for the whole project is estimated / targeted at 8 years;</li> <li>4. Approximately 5 years from the date of registration, SIDR is expected to start paying returns on investment;</li> <li>5. In addition to AHCL, two other associated companies namely AHDRML and Fatima Fertilizer Company Limited have also invested in 20% of the units of SIDR.</li> </ol>
VII	Maximum amount of investment to be made	Ratification is being hereby made of equity investment already made in SIDR after approval from Board of Directors and prior consent from 81% shareholder amounting to Rs. 600 million, made with an understanding (supported by legal opinion) that the subject investment did not trigger obtaining approval vide a special resolution.
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. Investment has already been made.
IX	<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds</p> <ol style="list-style-type: none"> <li>1. Justification for investment through borrowing</li> <li>2. Detail of collateral, guarantees provided and assets pledged for obtaining such funds</li> <li>3. Cost benefit analysis</li> </ol>	Investment has already been made.
X	Salient feature of agreement(s), if any, with associated company or associated undertaking with regards to proposed investment	<p>Unit Subscription Agreement was signed with the REIT Scheme along with other investors. Salient features are as follows :</p> <ul style="list-style-type: none"> <li>• Advance against investment was made on the condition that the same shall be refunded in case the condition precedents mentioned in the agreement are not met by a specified date. Units were issued on completion of conditions.</li> <li>• Being a strategic investor of the SIDR, AHCL shall continue to hold 15 million units in a blocked account, out of total 60 million units held by it in accordance with REIT Regulations.</li> <li>• Unitholding of investors of SIDR are to be divested / transferred only in accordance with the restrictions mentioned in the agreement.</li> </ul>

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 entity except in their capacity as sponsor / director / shareholder of the RMC
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, justification thereof	The Company has made equity investment of PKR 600 million.  Please refer Point III to VI above.
XIII	Any other important details necessary for the members to understand the transaction	None
XIV	Maximum price at which securities will be acquired	Investment already made. 60 million units i.e. 20% of the total unitholding were subscribed @ Rs.10/- per unit.
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	Please refer point # XIV
XVII	Number of securities and % shareholding also needs to be mentioned thereof held before and after the proposed investment	Please refer point # XIV
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	Please refer Note # 6.4.1 & 35.2.1 of Notes to the unconsolidated financial statements of Arif Habib Corporation Limited for the year ended 30 <sup>th</sup> June 2022

## 5 Investment in Securities

Ref. No.	Requirement	Information
I	Name of associated company or associated undertaking	Pakistan Corporate CBD REIT (PCCR)
II	Basis of relationship	PCCR is a REIT Scheme managed by Arif Habib Dolmen REIT Management Limited (AHDRML) (an associated company)
III	Earnings per share for the last three years	Year ended 30 <sup>th</sup> June 2022 was the first accounting period of PCCR. Its first financial statements are under preparation.
IV	Break-up value of share, based on the latest audited financial statements	Please refer point # III
V	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Please refer point # III
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;	1. PCCR has been established for investing in / acquiring commercial immovable property measuring 23.2544 Kanals located in the Central Business District of Lahore. The purpose is to develop the Real Estate into a mixed-use development, for generating income for the Unit Holders, through sale of saleable area, including commercial retail units, offices, and residential apartments to the Customers and disposal of all other REIT Assets.

	<p>2. Starting date and expected date of completion of work;</p> <p>3. Time by which such project shall become commercially operational;</p> <p>4. Expected time by which the project shall start paying return on investment; and</p> <p>5. Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</p>	<p>2&amp;3. PCCR was registered on 21st October 2021 with SECP. Total completion time for the whole project is estimated / targeted at 7 years;</p> <p>4. PCCR is expected to start paying returns on investment in approximately 4 years from the date of registration ; and</p> <p>5. In addition to AHCL, another associated company Fatima Fertilizer Company Limited is invested in the units of PCCR.</p>
VII	Maximum amount of investment to be made	<p>PCCR has an indicative Fund size of approximately PKR 15.1 Billion. The fund will be privately placed and utilized to partially settle land acquisition payments to the relevant Authority, transfer taxes payments and reimbursement of REIT formation expenses and remaining will be utilized for work mobilization and construction of the REIT Project.</p> <p>AHCL has pledged to invest 12.5% (approximately Rs. 2 billion) of the Fund size over a period of 3 to 5 years. Approval of Rs. 2 billion includes the ratification being hereby made of advance against equity investment already made in PCCR after approval from Board of Directors and prior consent from 81% shareholder amounting to Rs. 279 million, made with an understanding (supported by legal opinion) that the subject investment did not trigger obtaining approval vide a special resolution, is also being hereby made.</p>
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 5 years and shall be renewable subsequently.
IX	<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds</p> <p>1. Justification for investment through borrowing</p> <p>2. Detail of collateral, guarantees provided and assets pledged for obtaining such funds</p> <p>3. Cost benefit analysis</p>	<p>The investment is / to be made from Company's own available liquidity and/or credit lines.</p> <p>1. Higher rate of return</p> <p>2. Pledge of listed securities and / or charge over assets of the Company, if and where needed.</p> <p>3. Company's expects to time the investment to earn return over and above the borrowing cost.</p>
X	Salient feature of agreement(s), if any, with associated company or associated undertaking with regards to proposed investment	<p>Consortium Agreement was signed on 1st November 2021 with the REIT Scheme along with other investors. Salient features are as follows :</p> <ul style="list-style-type: none"> <li>• Each investor is required to pay its PRO RATA contribution as and when demanded by the RMC.</li> <li>• AHCL participating interest is 12.5% of the fund size of Rs.15.1 billion</li> <li>• 5% of AHCL units shall remain placed in a blocked account</li> <li>• AHDRML has been appointed as an authorised party to manage the affairs of PCCR and perform as a REIT Management Company under REIT Regulations.</li> </ul>
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 entity except in their capacity as sponsor / director / shareholder of the RMC



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 already made an advance against equity amounting to PKR 279 million.  Please refer Point III to VI 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	Not applicable

## 6 Investment in Securities

Ref. No.	Requirement	Information
I	Name of associated company or associated undertaking	Existing and / or proposed REIT Schemes under the management of Arif Habib Dolmen REIT Management Limited ("AHDRML") This approval is being sought for the sake of good corporate governance to enable the Company to be in ready position to capitalise on investment opportunities as and when available.
II	Basis of relationship	REIT Schemes managed / to be managed by Arif Habib Dolmen REIT Management Limited (AHDRML) (an associated company)
III	Earnings per share for the last three years	As this approval is being sought for various existing / proposed funds under management of AHDRML, EPS of such entities is not available at the time of this statement.
IV	Break-up value of share, based on the latest audited financial statements	As this approval is being sought for various existing / proposed funds under management of AHDRML, Break-up value of such entities is not available at the time of this statement.
V	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	As this approval is being sought for various existing / proposed funds under management of AHDRML, financial position of such entities is not available at the time of this statement.

VI	<p>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely:</p> <ol style="list-style-type: none"> <li>1. Description of the project and its history since conceptualization;</li> <li>2. Starting date and expected date of completion of work;</li> <li>3. Time by which such project shall become commercially operational;</li> <li>4. Expected time by which the project shall start paying return on investment; and</li> <li>5. Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</li> </ol>	<p>Various existing / proposed funds under management of AHDRML are launched or are in pipeline under different stages of launching. These include Dolmen City REIT, Silk Islamic Developmental REIT, Pakistan Corporate CBD REIT, Globe Residency REIT, Silk World Islamic REIT, Sapphire Bay Islamic Development REIT, Naya Nazimabad Apartments REIT, Rahat Residency REIT and DHA Dolmen Lahore REIT.</p> <p>For Dolmen City REIT, Silk Islamic Developmental REIT and Pakistan Corporate CBD REIT, specific approvals have already been sought in previous or this general meeting. This approval is being sought for other proposed REITS as specified above and any other REITS that may be launched under the management of AHDRML, for which required information is not presently available.</p>
VII	Maximum amount of investment to be made	Fresh limit of PKR 10 billion is requested for approval.
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	<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds</p> <ol style="list-style-type: none"> <li>1. Justification for investment through borrowing</li> <li>2. Detail of collateral, guarantees provided and assets pledged for obtaining such funds</li> <li>3. Cost benefit analysis</li> </ol>	<p>The investment may be made from Company's own available liquidity and/or credit lines.</p> <ol style="list-style-type: none"> <li>1. Higher rate of return</li> <li>2. Pledge of listed securities and / or charge over assets of the Company, if and where needed.</li> <li>3. Company's expects to time the investment to earn return over and above the borrowing cost.</li> </ol>
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 for proposed REIT Schemes.

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 entity except in their capacity as sponsor / director / shareholder of the RMC
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	Not applicable.
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	Not applicable
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	Not applicable

## 7 Loan and Advances

Ref. No.	Requirement	Information
I	Name of associated company or associated undertaking	Safemix Concrete Limited ("SCL")
II	Basis of relationship	An associated undertaking due to common control & common directorships of Mr. Samad Habib and Mr. Kashif Habib
III	Earnings per share for the last three years	Year 2021: 0.26 Year 2020: (3.9) Year 2019: (1.19)
IV	Break-up value of share, based on the latest audited financial statements	PKR 7.31 per share as at 30 <sup>th</sup> 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	<b>30<sup>th</sup> June 2021</b> <b>(PKR in Million)</b> Non-current assets 291 Current assets 230 Equity 183 Non-current liabilities 7 Current liabilities 331 Operating Revenue 221 Profit before Tax (1.4) Profit after Tax 6.6
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 100 million is requested for approval. This is in the addition of PKR 150 million requested for renewal for previously sanctioned limit of loan, respectively. Consolidated limit of PKR 250 million (PKR 100 million fresh limit and PKR 150 million renewal of previously sanctioned limit) is also requested in a separate resolution to be utilize as loan / running finance/ advance, at the discretion of Company.
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 SCL 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	<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds</p> <ol style="list-style-type: none"> <li>1. Justification for investment through borrowing</li> <li>2. Detail of collateral, guarantees provided and assets pledged for obtaining such funds</li> <li>3. Cost benefit analysis</li> </ol>	<p>The investment may be made from Company's own available liquidity and/or credit lines.</p> <ol style="list-style-type: none"> <li>1. Higher rate of return</li> <li>2. Pledge of listed securities and / or charge over assets of the Company, if and where needed.</li> <li>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.</li> </ol>
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 + 1.8% 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 SCL 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 100 million is requested for approval. This is in the addition of PKR 150 million requested for renewal for previously sanctioned limit of loan and equity, respectively. Consolidated limit of PKR 250 million (PKR 100 million fresh limit and PKR 150 million renewal of previously sanctioned limit) is also requested in a separate resolution to be utilize as loan / running finance/ advance, at the discretion of Company.
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	The markup on facility shall be 3 months KIBOR + 1.8% 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.
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 / Long-term loan 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 long-term loan shall be exhausted and shall not be renewable in next annual general meeting.

**Following directors of the company have no interest in the investee companies except in their capacity as director / shareholder**

Mr. Arif Habib	<ul style="list-style-type: none"> <li>- Chairman of Javedan Corporation Limited, Aisha Steel Mills Limited and Arif Habib Dolmen REIT Management Limited (which is the RMC of SIDR, PCCR and proposed REIT Schemes)</li> <li>- Shareholder of Safemix Concrete Limited</li> </ul>
Mr. Nasim Beg	<ul style="list-style-type: none"> <li>- Director of Aisha Steel Mills Limited</li> </ul>
Mr. Muhammad Ejaz	<ul style="list-style-type: none"> <li>- Chief Executive of Arif Habib Dolmen REIT Management Limited (which is the RMC of SIDR, PCCR and proposed REIT Schemes)</li> <li>- Director of Javedan Corporation Limited</li> </ul>
Mr. Samad A. Habib	<ul style="list-style-type: none"> <li>- Chief Executive of Javedan Corporation Limited and Safemix Concrete Limited</li> <li>- Director of Aisha Steel Mills Limited and Arif Habib Dolmen REIT Management Limited (which is the RMC of SIDR, PCCR and proposed REIT Schemes)</li> </ul>
Mr. Kashif A. Habib	<ul style="list-style-type: none"> <li>- Director of Aisha Steel Mills Limited, Javedan Corporation Limited, Safemix Concrete Limited</li> </ul>



## 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 26<sup>th</sup> 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	2,731,550,000	400,000,000
b)	Amount of investment made to date;	2,891,424,588	-	-
c)	Reasons for not having made complete investment so far wheresolution 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 :		<b>FY2022</b>	FY2021
i	Earnings per share - basic & diluted		3.95	0.87
ii	Net Profit		1,505,145,000	331,240,000
iii	Shareholders Equity		19,354,900,000	17,852,266,000
iv	Total Assets		33,260,645,000	27,998,944,000
v	Break-up value		50.82	56.25
	Renewal in Previous Limits Requested for Portion i.e.:	Unutilised 358,575,412	Sanctioned 2,731,550,000	Sanctioned 400,000,000

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	4,000,000,000
b)	amount of investment made to date;	2,931,230,887	-	2,873,700,000
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 :		<b>FY2022</b>	FY2021 (Restated)
i	Earnings per share		12.65	31.89
ii	Net profit		826,551,794	2,084,005,193
iii	Shareholders Equity		5,201,620,184	4,995,383,370
iv	Total Assets		8,985,828,345	8,471,502,159
v	Break-up value		79.61	84.10
	Renewal in Previous Limits Requested for Portion i.e.:	Unutilised 490,445,113	Sanctioned 1,500,000,000	Sanctioned 4,000,000,000

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 :		<b>FY2022</b>	FY2021
i	Earnings per share - basic & diluted		2.41	5.23
ii	Net profit		173,361,645	376,434,163
iii	Shareholders Equity		1,434,491,234	1,603,129,589
iv	Total Assets		2,232,851,172	2,375,510,961
v	Break-up value		19.92	22.27
	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	813,153,536	-
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 / (loss) per share		5.76	2.46
ii	Net profit / (loss)		2,593,634,000	1,107,142,000
iii	Shareholders Equity		12,147,291,000	9,322,554,000
iv	Total Assets		42,907,786,000	36,650,937,000
v	Break-up value		26.99	20.72
	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 :		FY2021	FY2020
i	Earnings per share		8.80	6.32
ii	Net profit		18,474,266,000	13,274,691,000
iii	Shareholders Equity		100,263,440,000	87,102,656,000
iv	Total Assets		184,893,349,000	157,556,890,000
v	Break-up value		47.74	41.48
	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 :		<b>FY2022</b>	FY2021
i	Earnings per share		(6.55)	9.55
ii	Net profit		(65,530,929)	95,539,002
iii	Shareholders Equity		5,027,426,146	5,196,562,254
iv	Total Assets		6,609,746,468	6,556,391,815
v	Break-up value		502.74	519.66
	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 :		<b>FY2022</b>	FY2021
i	Earnings per share		2.07	0.28
ii	Net profit		41,317,048	5,530,902
iii	Shareholders Equity		265,747,480	224,430,432
iv	Total Assets		1,027,181,383	718,485,504
v	Break-up value		13.29	11.22
	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;	4,750,000,000	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;	4,837,973,941*	163,404,133 (LTL)	PKR 1,302,457,000
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 :		<b>FY2022</b>	FY2021
i	Earnings / (loss) per share - basic & diluted		1.27	8.21
ii	Net profit / (loss)		1,146,000,000	6,368,348,000
iii	Shareholders Equity		46,805,000,000	14,466,584,000
iv	Total Assets		14,036,000,000	36,523,517,000
v	Break-up value		14.48	17.72
	Renewal in Previous Limits Requested for Portion i.e.:	Unutilised -	Sanctioned 2,539,206,765 (RF)** 163,404,133 (LTL)***	Sanctioned PKR 5,500,000,000 plus USD 80,000,000 ****

\*Ratification of the equity investment amounting to Rs. 88 million made in excess of available limit previously approved by the shareholders due to calculation error / oversight, is being sought separately in this 28<sup>th</sup> Annual General Meeting.

\*\*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;	4,322,000,000	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 4,143,316
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 :		<b>FY2022</b>	FY2021
i	Earnings / (loss) per share		(0.62)	0.17
ii	Net profit / (loss)		(443,946,000)	358,359,000
iii	Shareholders Equity		17,283,455,000	10,744,915,000
iv	Total Assets		46,448,732,000	45,491,678,000
v	Break-up value		15.79	10.10
	Renewal in Previous Limits Requested for Portion i.e.:	Unutilised 1,053,066,734	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	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 50,000,000
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 :		<b>FY2022</b>	FY2021
i	Earnings per share		6.11	5.83
ii	Net profit		1,956,021,782	1,864,137,972
iii	Shareholders Equity		10,835,432,199	8,879,410,417
iv	Total Assets		21,266,515,839	19,348,141,023
v	Break-up value		33.86	27.75
	Renewal in Previous Limits Requested for Portion i.e.:	Unutilised 753,534,440	Sanctioned 1,000,000,000	Sanctioned USD 100,000,000

**11 Name of associated company / undertaking: Safe Mix Concrete Limited**

S.No.	DESCRIPTION	INVESTMENT IN SECURITIES	LOANS & ADVANCES IN THE NATURE OF	
			RUNNING FINANCE	CORPORATE GUARANTEE
a)	total investment approved;	150,000,000	150,000,000	-
b)	amount of investment made to date;	-	18,118,274	-
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 :		<b>FY2021</b>	FY2020
i	(Loss) / earnings per share		0.26	(3.95)
ii	Net (loss) / profit		6,566,728	(98,777,041)
iii	Shareholders Equity		182,871,165	177,356,035
iv	Total Assets		520,829,314	490,062,787
v	Break-up value		7.31	7.09
	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 :		<b>FY2021</b>	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	-	-	-
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 :		<b>FY2022</b>	FY2021
i	Earnings per unit		(3.22)	(3.08)
ii	Net Loss		(336,282,212)	(321,776,693)
iii	Total unitholders fund		264,329,914	600,612,126
iv	Total Assets		396,930,921	611,522,391
v	Net Asset Value per share		2.53	5.75
	Unutilized limit of equity investment proposed to be lapsed	50,006,867	-	-

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جون 2023 کو ختم ہونے والے سال کے لئے بطور آڈیٹرز دوبارہ تقرری کی سفارش کی ہے۔ اس سلسلے میں 28 اکتوبر 2022 کو ہونے والے اجلاس عام میں حصص یافتگان سے منظوری لی جائے گی۔

### سیکریٹریل طریقوں پر عمل درآمد

جائزہ سال کے دوران کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت سیکریٹریل اور ادارتی ضوابط کی مکمل پاس داری کی گئی۔

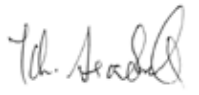
### ملحقہ پارٹیوں کے سودے

لسٹنگ ریگولیشنز کی پاس داری کرتے ہوئے کمپنی نے ملحقہ پارٹیوں کے ساتھ تمام سودے آڈٹ کیٹی اور بورڈ کے روبرو آن کے جائزے اور منظوری کے لیے پیش کیے۔ ان سودوں کو آڈٹ کیٹی 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 37 میں پیش کی گئی ہے۔

### اعتراف

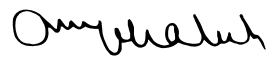
ڈائریکٹرز کمپنی کے تمام اسٹیک ہولڈرز کے مسلسل اعتماد اور سرپرستی پر ان کے شکرگزار ہیں۔ ہم اپنے کاروباری شراکت داروں، بینکاروں اور مالیاتی اداروں کے اعتماد اور بھروسے پر ان کے لیے ستائش اور شکر ریکارڈ پر لانا چاہتے ہیں۔ ہم وزارت مالیات، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، کمپنیشن کمیشن آف پاکستان، سینٹرل ڈیپازٹری کمپنی آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کے مسلسل تعاون اور رہنمائی پر ان کے شکرگزار 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 کیٹی اور دیگر کمیٹیوں کے ممبران کے فعال کردار اور ان کی قابل قدر معاونت بھی قابل تعریف ہے۔

برائے ومنجانب



جناب اسد اللہ خواجہ

چیئرمین



جناب عارف حبیب

چیف ایگزیکٹو

## ڈائریکٹرز اور اعلیٰ عہدے داران کی کمپنی کے حصص میں خرید و فروخت

تمام ڈائریکٹرز بشمول چیف ایگزیکٹو، 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 و فروخت کی ہے تو تحریری طور پر ان سودوں کی قیمت، حصص کی تعداد و قسم اور لین دین کی نوعیت کی تفصیلات سودے کے 7 دن کے اندر کمپنی سیکریٹری کو ارسال کر دیں۔

ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کے شریک حیات اور کم عمر فیملی ممبران کی کمپنی کے حصص میں خرید و فروخت 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 و فروخت نہیں کی۔ سالانہ رپورٹوں میں حصص کی خرید و فروخت منکشف کیے جانے کے لیے تنخواہ کی اس سطح کو کمپنی کے بورڈ نے طے کیا 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 64 پر دیئے گئے ہیں۔

## ریٹائرمنٹ فنڈز سے سرمایہ کاری

کمپنی کے تحت اسٹاف پروویڈنٹ فنڈ سے کی گئی سرمایہ کاری کی مالیت ان کے 30 جون 2022 تک کے متعلقہ آڈٹ شدہ مالیاتی گوشواروں کے مطابق 46.55 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 ذمہ داریوں کے مطابق انجام دیا۔ کمیٹی کی تشکیل اور اس کی ذمہ داریوں کے نمایاں خدوخال اس رپورٹ کے ساتھ منسلک کیے گئے ہیں۔

## آڈیٹرز

موجودہ بیرونی آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس 28 اکتوبر 2022 کو منعقد ہونے والے اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے اور اہلیت کے باعث انہوں نے 30 جون 2023 کو ختم ہونے والے سال کے لئے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ بیرونی آڈیٹرز کوانٹیٹیٹو آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام میں تسلی بخش ریننگ حاصل ہے۔ آڈٹ کمیٹی کی تجویز پر بورڈ نے باہمی طے شدہ معاوضہ پر میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی 30

میں منتخب ہوئے تھے انکی مدت 21 ستمبر 2022 کو مکمل ہوگئی تھی۔ آٹھ (8) عدد امیدواروں نے کمپنیز ایکٹ 2017 کی دفعہ (3) 159 کے تحت اپنے آپ کو انتخابات میں پیش کیا تھا جو کہ کمپنیز ایکٹ 2017 کی شق (1) 159 کے تحت بورڈ کی طے کردہ تعداد کے برابر ہے۔ غیر معمولی اجلاس عام منعقدہ 21 ستمبر 2022 میں حصہ یافتگان نے موجودہ آٹھ ڈائریکٹرز کو اگلے تین سال کے لئے انتخاب کی تصدیق اور منظوری دے دی ہے، یہ مدت ستمبر 2025 میں اختتام پزیر ہوگی۔ سوائے جناب سراج الدین قاسم کے، جنہوں نے 21 ستمبر 2022 کو ہونے والے انتخابات میں حصہ نہیں لیا، تمام پچھلے ڈائریکٹرز دوبارہ منتخب ہوئے ہیں۔ خواجہ جلال الدین رومی نئے منتخب شدہ ڈائریکٹر ہیں۔ کوئی اتفاقی آسامی 30 جون 2022 کو اختتام پزیر ہونے والے مالیاتی سال دوران خالی نہیں ہوئی۔

### ڈائریکٹرز کے معاوضہ 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 ڈائریکٹرز 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 سوئیچی 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 پاس داری کی جاتی ہے۔ معاوضے کی سطح ذمہ 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 30 میں پیش کی گئی ہیں۔

### 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۔

### حصہ داری کی ساخت

کمپنی کے حصہ پاکستان اسٹاک ایکسچینج میں لسٹڈ ہیں۔ 30 جون 2022 کو کمپنی کے 3,176 حصہ یافتگان تھے۔ کمپنی کے حصہ پاکستان اسٹاک ایکسچینج میں لسٹڈ ہیں۔ حصہ داری کی تفصیلی ساخت اور کمپنی کی حصہ داری کی اقسام بشمول ڈائریکٹرز اور ایگزیکٹوز کی ملکیت میں حصہ کی تعداد، اگر کوئی ہو، تو وہ منسلک گوشوارہ-III میں پیش کی گئی ہے۔

## بورڈ/کمیٹیوں کی تشکیل

کل آٹھ ڈائریکٹرز میں سے سات ڈائریکٹرز مرد ہیں جبکہ ایک ڈائریکٹر خاتون ہیں۔ موجودہ بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشکیل درج ذیل ہے:

بورڈ آف ڈائریکٹرز	قسم	آڈٹ کمیٹی	انسانی وسائل اور معاوضہ کمیٹی	سرمایہ کاری اور خطرات سے نمٹنے کی کمیٹی (سرمایہ کاری اور پروجیکٹ تنوع کمیٹی)	نامزدگی کمیٹی (ستمبر 22 کے انتخابات کے بعد تشکیل دی گئی)
خواجہ جلال الدین رومی (نئے ڈائریکٹر جو ستمبر 2022 میں منتخب ہوئے)	آزاد	چیئر مین	-	-	-
مس زبیا بختیار (خاتون ڈائریکٹر)	آزاد	-	چیئر پرسن	-	-
جناب اسد اللہ خواجہ (چیئر مین)	نان ایگزیکٹو	-	-	-	-
جناب نسیم بیگ	نان ایگزیکٹو	-	ممبر	ممبر	-
جناب صمد اے حبیب	نان ایگزیکٹو	-	-	ممبر	ممبر
جناب کاشف اے حبیب	نان ایگزیکٹو	ممبر	ممبر	ممبر	-
جناب محمد اعجاز	نان ایگزیکٹو	ممبر	-	-	-
جناب عارف حبیب (چیف ایگزیکٹو)	ایگزیکٹو	-	ممبر	چیئر مین	چیئر مین
جناب سراج الدین قاسم (ستمبر 2022 کو مدت مکمل ہونے کے بعد سبکدوش ہو گئے)	آزاد	2021-22 میں چیئر مین رہے	2021-22 میں چیئر مین رہے	-	-

## بورڈ کی تشکیل میں تبدیلی اور ڈائریکٹرز کے انتخابات

کمپنیز ایکٹ 2017 کی دفعہ 161 کی شقوں کے تحت آٹھ ڈائریکٹرز جو تین سالہ مدت کے لئے 21 ستمبر 2019 کو غیر معمولی اجلاس عام



AHCL پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ کمپنی کا بورڈ اور انتظامیہ لسٹڈ کمپنیوں کے ادارتی نظم و ضبط کے ضابطے پر عمل پیرا ہے اور اس سلسلے میں اپنی ذمہ 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 تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں، کو ملحوظ خاطر رکھا گیا ہے۔ اندرونی کنٹرول کے نظام بشمول مالیاتی نظام مضبوط اور موثر 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۔ ٹیکوں، محصولات، واجبات وغیرہ کی مد میں کوئی قابل ذکر رقم واجب الادا نہیں ہے۔ گریجویٹ، 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 و شبہ نہیں ہے اور ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی قابل ذکر انحراف نہیں کیا گیا۔

کمپنی ہمیشہ بہترین ادارتی نظم و ضبط 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۔

ملازمین کی حوصلہ افزائی کی جاتی ہے اور انہیں 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۔

### 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 کر سکتے ہوں خواہ وہ انفرادی معاملات ہوں یا اجتماعی معاملات۔

### کارپوریٹ سماجی ذمہ داری

کمپنی کے قیام ہی سے پائیدار اور ذمہ 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 فکر مند 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 ذمہ داریوں سے شفافیت، درستگی اور بروقت انداز میں عہدہ برآں ہوتی ہے۔ گروپ کی کمپنیوں کی جانب سے کی گئی معاونت کی تفصیلات صفحہ نمبر 72 پر پیش کی گئی ہیں۔

کاروباری خطرات کے انتظام میں نقطہ آغاز ہی سے سرمایہ کاری سے قبل گہرا تجزیہ کیا جاتا ہے اور اس 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 کر سکیں اور بورڈ ممبروں کے ذریعے ان کمپنیوں کے بجٹ اور دیگر اندرونی کنٹرول کے نظام کو لاگو کر سکیں، 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 34 میں دیے گئے ہیں۔

### سرمائے کا انتظام اور روانیت

کمپنی کی پالیسی ہے کہ سرمائے کی مستحکم سطح برقرار رکھی جائے تاکہ 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، تاکہ 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۔

ہماری پائیدار معاشی کارکردگی اور شراکت داران کو قدر اور اہمیت فراہم کرنے کے لئے ہماری صلاحیت کا بھاری انحصار ہے ہمارے انسانی وسائل پر ہے۔

ہم سمجھتے ہیں کہ ہمارے ملازمین پر سرمایہ کاری سے ہمیں کام کے لیے ایک زیادہ مضبوط اور موثر افرادی قوت حاصل ہوگی۔ ہماری طویل مدتی کامیابی ہمارے ملازمین کی کارکردگی اور مسلسل بہتری سے آتی ہے۔

ہے کہ لچک دکھائیں گے جبکہ مالیاتی خدمات، اسٹیل اور سیمنٹ کے متاثر ہونے کا اندیشہ ہے۔ مجموعی طور پر توقع ہے کہ کچنی کی کارکردگی قلیل اور درمیانی مدت میں تسلی بخش 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 کچنی 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 کچنی 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 کچنی اور حصص یافتگان کے مفادات کے تحفظ کے لیے متعلقہ انتظامی اور اندرونی کنٹرول کا موزوں نظام برقرار رکھتی ہے۔

کچنی 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۔ کچنی خطرات کا مقابلہ تحفظی 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 کچنی بنیادی کمپیوٹل مارکیٹ کے انفراسٹرکچر کی ترقی میں اپنے نمائندوں کے ذریعے مسلسل کردار ادا کر رہی ہے۔

اپنی کلیدی سرمایہ کاریوں کے لیے کچنی 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 کچنی 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۔ کچنی خود کار عمل کے ذریعے خطرات اور ان کے کنٹرول کی تشخیص اور شناخت کرتی ہے اور جہاں ضروری 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 اور اس کے علاوہ خطرات سے نمٹنے، کارپوریٹ سماجی ذمہ داری، شمولیت اور ادارتی نظم و ضبط کے ضابطے، حساباتی مینوئل، قانونی تقاضوں اور قواعد و ضوابط کی پاسداری کی رپورٹوں کا جائزہ لیتی ہے۔

## ہوائی توانائی (ونڈ پاور)

آپ کی کمپنی کے ونڈ پاور پروجیکٹ سچل انرجی ڈولپمنٹ (پرائیویٹ) لمیٹڈ (SEDPL) مسلسل قومی گرڈ کو صاف توانائی کی فراہمی کر رہی ہے جس میں پلانٹ کی شروعات سے دستیابی 99 فیصد سے زیادہ ہے۔ SEDPL کا موجودہ مالیاتی سال میں منافع بعد از ٹیکس 1.96 بلین روپے رہا جو کہ گزشتہ سال 1.86 بلین روپے تھا۔ SEDPL نے FY21 اور FY22 (ہر ایک سال کیلئے) 800 ملین روپے منافع منقسمہ کا اعلان کیا ہے جس کی منظوری اس کے قرض دہندہ سے لی جائے گی۔

## ریٹل اسٹیٹ

ریٹل اسٹیٹ میں آپ کی کمپنی نے جاویداں کارپوریشن لمیٹڈ (JCL) اور نئی رجسٹرڈ شدہ سلک اسلامک ڈولپمنٹ ریٹ اور پاکستان کارپوریشن CBD ریٹ میں سرمایہ کاری کی ہے۔

JCL کا بعد از ٹیکس منافع موجودہ سال میں 1,505 ملین روپے رہا جو کہ گزشتہ سال 331 ملین روپے تھا۔ JCL نے بھی مالیاتی سال 2022 کے لئے 4 روپے فی حصص منافع منقسمہ کا اعلان کیا ہے۔ ہم توقع کرتے ہیں کہ ریٹ اسکیم منافع بخش ثابت ہوگی اور مستقبل میں ہمیں ان سے پرکشش منافع منقسمہ حاصل ہوں گے۔

## اسٹیل

اس سال عائشہ اسٹیل ملز لمیٹڈ کا بعد از ٹیکس منافع 1,146 ملین روپے رہا جو کہ گزشتہ سال 6,368 ملین روپے تھا۔ منافع میں کمی کی وجہ بنیادی طور پر HRC کی عالمی قیمتوں میں کمی کا رجحان تھا جس کی وجہ سے سامان ذخائر میں خسارہ اور طلب میں کمی رونما ہوئی۔ عائشہ اسٹیل ملز لمیٹڈ سے عمومی حصص کو بطور ترجیحی منافع منقسمہ حاصل کرنے کے علاوہ زیر جائزہ مالیاتی سال میں AHCL کو 58.14 ملین روپے نقد منافع منقسمہ بھی موصول ہوا۔

## مستقبل کی پیش بینی

بلند شرح سود، ٹیکس نرخ اور افراط زر کے ساتھ روپے کی قدر میں کمی نے نئے مالیاتی سال کے آغاز میں کاروباری ماحول کو انتہائی دشوار گزار بنا دیا ہے۔ شدید بارشوں اور سیلاب کی وجہ سے جولائی سے ستمبر 2022 کے دوران پاکستان کے بڑے حصے کے متاثر ہونے سے پاکستان کی معیشت کو شدید نقصانات ہوئے اور نئے مالیاتی سال کے آغاز میں کارپورٹ سیکٹر کے منافع میں کمی ہوئی۔ اگرچہ کہ IMF پروگرام درست سمت میں ہے، تاہم رجحان انتہائی کمزور ہے اور توقع ہے کہ اس دشوار گزار مدت سے نکلنے میں کچھ وقت لگے گا۔

آپ کی کمپنی کا متنوع پورٹ فولیو معاشی جھٹکوں کے خلاف ایک ڈھال ہے۔ کھاد، ہوائی توانائی اور ریل اسٹیٹ کے کاروبار سے توقع

بورڈ نے حتمی نقد منافع منقسمہ برائے سال 30 جون 2022 کے لیے 4 روپے فی حصص یعنی 40 فیصد کی سفارش کی ہے۔ یہ منافع منقسمہ ان حصص یافتگان کو دیا جائے گا جن کے نام 21 اکتوبر 2022 کو دفتری اوقات ختم ہونے پر حصص یافتگان کے رجسٹر میں درج ہوں گے۔

### ذیلی اور ملحقہ کمپنیوں کی کارکردگی

جاری دشواریوں کے باوجود، مالیاتی سال 2022 سرمایہ شدہ کمپنیوں کی مالیاتی کارکردگی کے سلسلے میں تسلی بخش رہا۔ آپ کی کمپنی کے متنوع پورٹ فولیو نے توقع سے بڑھ کر سرپرست کمپنی کو منافع منقسمہ فراہم کیا۔

### سرمایہ کاری شعبہ کا سرسری جائزہ

#### فرٹیلائزر

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۔

FATIMA کا جولائی 2021 سے جون 2022 تک مجموعی منافع بعد از ٹیکس، 4.31 بلین روپے سپرنٹیکس عائد کرنے کے باوجود، 15.02 بلین روپے رہا جو کہ جولائی 2020 سے جون 2021 تک 15.43 بلین روپے تھا۔ آپ کی کمپنی کو کھاد کے کاروبار سے گزشتہ سال کے 797.5 ملین روپے منافع منقسمہ کے مقابلے اس سال 1,116.5 ملین روپے منافع منقسمہ کی شکل میں حاصل ہوئے ہیں۔

### مالیاتی خدمات

KSE-100 انڈیکس کے لئے سال دشوار گزار رہا جس میں یہ تقریباً 12.28 فیصد گر کر 41,451 پوائنٹس پر آ گیا اور خرید و فروخت کی مالیت میں 54 فیصد کمی ہوئی۔ اس کے باوجود آپ کی کمپنی کے بروکرینج ہاؤس، عارف حبیب لمیٹڈ (AHL) کی کارکردگی اچھی رہی جس کا بعد از ٹیکس منافع 826.55 ملین روپے رہا جو کہ گزشتہ سال 2,084 ملین روپے تھا۔

ایسٹ مینجمنٹ کمپنی MCB عارف حبیب سیونگز اینڈ انویسٹمنٹس لمیٹڈ (MCBAH) کا بعد از ٹیکس منافع 173.36 ملین روپے رہا جو کہ گزشتہ سال 376.43 ملین روپے تھا جبکہ اسکے زیر انتظام اثاثوں میں 21 فیصد اضافہ ہوا۔

آپ کی کمپنی کو 515.36 ملین روپے منافع منقسمہ کی شکل میں مالیاتی خدمات کی ساتھی کمپنیوں سے حاصل ہوئے جو کہ گزشتہ سال 200.60 ملین روپے تھے۔



# ڈائریکٹرز رپورٹ

## محترم حصص یافتگان!

عارف حبیب کارپوریشن لمیٹڈ (AHCL) کے ڈائریکٹرز آپ کی کمپنی کے 30 جون 2022 کو ختم ہونے والے مالی سال کی سالانہ رپورٹ اور آڈٹ شدہ گوشواروں کے ساتھ ان پر آڈیٹرز کی رپورٹ پیش کر رہے ہیں۔

## بنیادی سرگرمیاں

AHCL عارف حبیب گروپ کی ہولڈنگ کمپنی ہے جس کا بنیادی کاروبار کھاد، مالیاتی خدمات اور توانائی جیسے مختلف النوع شعبوں میں پھیلا ہوا ہے۔ اسکے علاوہ کمپنی نے سیمنٹ، اسٹیل، ریتل اسٹیٹ اور حصص مارکیٹ میں بھی سرمایہ کاری کی ہے۔

## معیشت

زیر جائزہ سال خاص طور پر دوسری ششماہی پاکستانی معیشت کے لئے دشوار گزار رہی جو کہ بلند رواں کھاتے کے خسارے اور افراط زر کا شکار رہی جس کی بنیادی وجہ روس اور یوکرین کے درمیان جنگ کی وجہ سے اشیائے صرف کی قیمتوں ہونے والا تیز ترین اضافہ ہے۔ اس کی وجہ سے روپے کی قدر میں شدید کمی ہوئی اور شرح سود میں اضافہ ہوا۔ GDP، برآمدات، ترسیلات زر اور FBR کے ٹیکس محصولات میں ترقی تسلی بخش ہے لیکن حکومت کی طرف سے IMF کی شرائط خصوصاً مختلف سبڈیز کی واپسی میں تاخیر کے نتیجے میں FY22 میں مالیاتی خسارہ بلند رہا۔ FY23 کے بجٹ میں حسب دستور کار پوریٹ سیکٹر کے ٹیکس میں تیزی سے اضافہ کیا گیا جبکہ ٹیکس نیٹ کو وسیع کرنے کے لئے کوئی کوششیں نہیں کی گئیں۔ یہ عوامل کاروباری رجحانات کے لئے ابتر رہے اور زیر جائزہ سال کی آخری سہ ماہی میں کارپوریٹ سیکٹر کے منافع میں کمی کا باعث بنے۔

## مالیاتی نتائج

کمپنی کا مجموعی منافع بعد از ٹیکس (جو سرپرست کمپنی کے مالکان سے منسوب کیا جاتا ہے) 3.47 بلین روپے رہا جبکہ 2021 میں منافع بعد از ٹیکس 7.49 بلین روپے تھا۔ فی حصص آمدنی 8.50 روپے رہی جبکہ گزشتہ مالی سال فی حصص آمدنی 18.33 روپے رہی تھی۔ انفرادی طور پر کمپنی کو بعد از ٹیکس 3.76 بلین روپے کا منافع ہوا جبکہ سال 2020-21 میں 3.87 بلین روپے کا منافع ہوا تھا۔ اس کے نتیجے میں فی حصص آمدنی 9.20 روپے رہی جو کہ گزشتہ سال 9.49 روپے تھی۔ آپ کی کمپنی کی آمدنی کے معیار میں خاطر خواہ منافع منقسمہ اور حاصل شدہ سرمائے کے منافع کی وجہ سے نمایاں بہتری آئی ہے۔



# FORM OF PROXY 28<sup>TH</sup> 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 Eight Annual General Meeting of the Company to be held on 28 October 2022 and/or  
any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

Witnesses:

1. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
CNIC No. : \_\_\_\_\_  
Signature : \_\_\_\_\_
2. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
CNIC No. : \_\_\_\_\_  
Signature : \_\_\_\_\_

Signature on

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.

کمپنی سیکریٹری

عارف حبیب کارپوریشن لمیٹڈ

عارف حبیب سینٹر

23، ایم ٹی خان روڈ

کراچی۔

میں مسٹی / مسماۃ ----- ساکن ----- ضلع -----  
 بحیثیت ممبر عارف حبیب کارپوریشن لمیٹڈ، مسٹی / مسماۃ -----  
 ساکن ----- کو بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے  
 سالانہ اجلاس عام جو بتاریخ 28 اکتوبر، 2022 کو منعقد ہو رہا ہے میں اور ان کے کسی ملتی شدہ اجلاس میں ووٹ ڈالے۔  
 دستخط: ----- بروز/ بتاریخ ----- 2022

گواہان:

2

1

نام: -----

نام: -----

پتہ: -----

پتہ: -----

شناختی کارڈ نمبر: -----

شناختی کارڈ نمبر: -----

دستخط: -----

دستخط: -----

دستخط  
ریونیو اسٹیمپ

نوٹ:

- وہ رکن جسے یہ اجلاس یا اجلاس میں ووٹ کا حق حاصل ہے وہ کسی ناگزیر صورتحال میں اپنی جگہ کسی دوسرے (مخصوص) رکن کو یہ حق دے سکتا ہے کہ وہ رکن اُس کی پراکسی استعمال کرتے ہوئے، اُس کے بجائے اجلاس میں شریک ہو سکتا ہے، خطاب کر سکتا ہے یا ووٹ کا اندراج کر سکتا ہے۔
- پراکسی ثابت کرنے کے لئے اُسے اپنا اصل پاسپورٹ اور فوٹیو نمبر سے دکھانا لازمی ہے تاکہ اجلاس میں شرکت کی اجازت سے قبل اُس کی شناخت کی جاسکے۔
- منوثر بنانے کے لئے، پراکسی فارم ہمارے رجسٹرار کے دفتر (ایم/ایس) سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، 99-B، ایس، ایم، سی، ایچ، ایس، شاہراہ فیصل، کراچی، پاکستان، میں اجلاس سے کم از کم 48 گھنٹے قبل وصول ہونا لازمی ہے۔ فارم میں تمام مطلوبہ معلومات، رکن کے دستخط اور مہر، نیز دو گواہان کی بنیادی معلومات یعنی نام پتے، دستخط اور شناختی کارڈ نمبر کا اندراج ضروری ہے۔
- انفرادی رکن کی صورت میں اصل اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک کرنا لازمی ہے۔
- پراکسی کے کارپوریٹ ہونے کی صورت میں بورڈ آف ڈائریکٹر کی قرارداد، پاور آف اٹارنی، شناختی کارڈ اور پاسپورٹ کی تصدیق شدہ نقول، پراکسی فارم کے ساتھ منسلک کرنا ضروری ہے۔





Arif Habib Corp

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Group website: [www.arifhabib.com.pk](http://www.arifhabib.com.pk)