Arif Habib Corp

Together we are Stronger

Annual Report 2023

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.

In 2001, AHCL achieved a significant milestone by becoming a publicly listed company, with an initial public offering (IPO) of one million shares aimed at raising PKR 80 million to fuel its growth trajectory. Since its IPO, the company has demonstrated a strong commitment to its shareholders, distributing a total of PKR 16 billion as dividends (including specie dividends). Moreover, AHCL conducted two buybacks of its share having face value of PKR.10; first in 2005-06 amounting to PKR 720 million at prices of PKR 360 per share, and second in 2019-20 amounting to PKR 1.225 billion at prices of PKR 27 per share.

As of June 30, 2023, AHCL has strong equity base of PKR 20 billion built through retained earnings. This remarkable journey has translated into a compounded annualized return of 23% for the initial investors who participated in the IPO back in 2001.

The Arif Habib brand is widely recognised as synonymous with unwavering commitment to best practices and a paramount dedication to prioritising its stakeholders. These principles have become ingrained in the company's identity, setting a standard that stakeholders have grown to anticipate from an organisation relentlessly pursuing excellence within its industry.

Arif Habib Group's Journey

2015
Launch of Dolmen City REIT

Acquisition of Fatimafert Ltd (formerly DH Fertilizers)

2017
Incorporation of Black Gold Power Limited for 660MW Coal Power Project

Achievement of Financial Close for expansion of Aisha Steel and Power Cement (USD 300m)

2019
Achieved COD of Aisha Steel's expansion

2012
Establishment of Arif Habib Commodities

2011
Acquisition of Sachal Energy (to set up Wind Power)

Merger of Arif Habib Investments and MCB asset management

2009
Establishment of REIT Management Company

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

1994
Establishment of Arif Habib Corporation (Previous name Arif Habib Securities)

2001
Establishment of Asset Management Company, Arif Habib Investments

2004
Establishment of Arif Habib Limited by separating brokerage business from Arif Habib Corporation

2023
Divestment of MCBAH Savings and Investments Limited

2020
Achieved COD of Power Cement's expansion

2021
Launch of Silk Islamic Development REIT, Pakistan's first developmental REIT

2022
First Developmental REIT Listed on PSX, Global Residence REIT (GRR)

2008
Acquired stake in ICPL (Dolmen City)

2007
Became a joint venture partner in Aisha Steel Mills Limited

2006
Acquisition of Javedan Cement

Invested in Power Cement

2004
Acquired Rupali Bank, renamed Arif Habib Rupali Bank and then Arif Habib Bank; finally sold off

Acquisition of Sukh Chayn Gardens and Thatta Cement

2005
Acquisition of Pakarab Fertilizers

2005
Invested in Fatima Fertilizer, which was established as a green field project

Table of Content

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.

Our 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.

Our Mission

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

Objectives

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

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.

Values

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

Integrity
We conduct our business fairly, with honesty and with transparency. Everything we do stands the test of public scrutiny

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

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

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

Company Information

Board of Directors

Asadullah Khawaja
Chairman

Arif Habib
Chief Executive Officer

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 &
Chief Operating Officer

Manzoor Raza
Company Secretary

Bankers

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

Auditors

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
Company website:
www.arifhabibcorp.com
Group website:
www.arifhabib.com.pk

Registrar & Share Transfer Agent

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

Review Report by the Chairman on the overall Performance of the Board

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

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

The Board during the year ended 30th June 2023 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: 28th September 2023

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

Pioneer Insurance

Mr. Arif Habib
Chief Executive

Mr. Arif Habib is the Chairman of Arif Habib Group and Chief Executive of Arif Habib Corporation Limited, the holding company of Arif Habib Group. He is also the Chairman of Fatima Fertilizer Company Limited, Aisha Steel Mills Limited, Javedan Corporation Limited (the owner of Naya Nazimabad) and Sachal 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 has also remained a member of the Prime Minister's Task Force on attracting Foreign Direct Investment (FDI) and a member of Advisory Committee of Planning Commission.

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).

Corporate Responsibilities

As Chairman

Fatima Fertilizer Company Limited
Fatimafert Limited
Sachal Energy Development (Pvt) Limited
Javedan Corporation Limited
Aisha Steel Mills Limited
Arif Habib Dolmen REIT Management Limited
Arif Habib Development and Engineering Consultants (Pvt) 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 (Pvt) Limited
Arif Habib Consultancy (Pvt) Limited
Fatima Cement Limited
International Builders and Developers (Pvt) 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 Educational Board
Pakistan Centre for Philanthropy

Mr Nasim Beg

Non-executive Director

Mr. Nasim Beg is the Chief Executive Officer of Arif Habib Consultancy (Pvt) Limited. He qualified as a Chartered Accountant in 1970 and over the decades has had experience in manufacturing, as well as in financial services, both within and outside the country.

He joined the Group in the year 2000 to conceive and set up an Asset Management Company, namely Arif Habib Investments, which became the market leader and was converted into a joint venture with MCB in 2011 to benefit from the bank's branch network.

The Group's shareholding in this company was sold to MCB in 2023. 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 into 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
Power Cement Limited (non-executive Chairman)

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.

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 Nishter 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

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 spear headed several group projects when these were at a critical stage during their execution.

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

Ejaz did his graduation in Computer Science from FAST, ICS and did MBA in Banking and Finance from IBA, Karachi where he 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 (Pvt) Limited
Sachal Energy Development (Pvt) Limited
Sapphire Bay Development Company Limited

Mr Samad Habib

Non-executive Director

Starting his career at Arif Habib Corporation Limited, Mr Samad Habib developed his experience in sales, marketing and corporate activities working his way up through various executive positions.

In 2004, Mr Samad Habib joined Arif Habib Limited leading the company as its Chairman and Chief Executive. He played a key role in shaping the strategic direction of the company where he specialized in capital market operations and corporate finance.

Several noteworthy Initial Public Offerings (IPOs) and successful private placements took place under his stewardship, showcasing his exceptional financial acumen and deep market insight.

Mr Samad Habib transitioned to Javedan Corporation Limited, in 2011, as the driving force behind the transformation of a dilapidated cement plant to a vibrant living community, Naya Nazimabad. Mr Samad Habib has been pivotal to advancing positive societal change, providing the city's middle class an elevated standard of living. His dedication, passion for social betterment and optimism are set to further transform the area with the largest commercial precinct development in the city presently under planning.

In 2019, Mr. Samad Habib took on the role of CEO at Safemix Concrete. Guided by his strategic acumen, Safemix Concrete has undergone a remarkable transformation from a lossmaking entity to a profitable enterprise.

Corporate Responsibilities

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

As Chairman

NN Maintenance Company (Pvt) Limited

As Director

Aisha Steel Mills Limited
Arif Habib Dolmen REIT Management Limited
Arif Habib Equity (Pvt) Limited
Arif Habib Foundation
Arif Habib Development and Engineering Consultants (Pvt) Limited
Black Gold Power Limited
Nooriabad Spinning Mills (Pvt) Limited
Memon Health and Education Foundation
Pakistan Opportunities Limited
Power Cement Limited
Rotocast Engineering Company (Pvt) Limited
Sapphire Bay Development Company Limited
Sukh Chayn Gardens (Pvt) Ltd
Sachal Energy Development (Pvt) Limited
Biomasdar Pakistan Limited

Mr. Kashif A. Habib, FCA

Non - Executive Director

Mr. Kashif A. Habib is the Chief Executive of Power Cement Limited. As 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) gaining invaluable insight across sectors, catering to clients across the Financial, Manufacturing, and Services industries.

He has to his credit four years of experience in Arif Habib Corporation Limited as well as over a decade's experience as an Executive Director in cement and fertilizer companies of the group. This exposure not only enriched his understanding of diverse corporate dynamics but also enabled him to refine his strategic decision-making capabilities.

Kashif is deeply committed to enhancing the country's energy landscape. He remains engaged with experts to establish renewable energy as a viable and readily available solution, benefiting not only industries but also the public at large.

Corporate Responsibilities

Power Cement Limited (Chief Executive)

As Director

Aisha Steel Mills Limited
Fatima Fertilizer Company Limited
Javedan Corporation Limited
Arif Habib Equity (Pvt) Limited
Arif Habib Foundation
Arif Habib Development and Engineering Consultants (Pvt) Limited
Black Gold Power Limited
Essa Textile And Commodities (Pvt) Limited
Fatimafert Limited
Fatima Cement Limited
Fatima Packaging Limited
Nooriabad Spinning Mills (Pvt) Limited
Pakistan Opportunities Limited
Rotocast Engineering Company (Pvt) Limited
Safemix Concrete Limited
Siddiqsons Energy Limited
Sachal Energy Development (Pvt) Limited
Biomasdar Pakistan Limited

Key Management

Mr. Mohsin Madni
Chief Financial Officer & Chief Operating Officer

Mohsin has been associated with Arif Habib Corporation for a over decade and currently serves as the Chief Operating Officer and Chief Financial Officer. Since joining in December 2011, he has been instrumental in shaping AHCL's financial landscape and that of its affiliated entities.

Apart from his core responsibilities, Mohsin has a track record of offering insightful advice on long-term business and financial planning. His strategic acumen has fostered enduring relationships with external stakeholders, and he plays a crucial role in overseeing finance, IT, and legal procedures. He provides strategic counsel to the CEO, Chairman, and Board, overseeing financial forecasting and budgetary allocation to align fiscal strategies seamlessly with organizational goals.

Mohsin's exceptional contributions have led to his nomination to the boards of directors of Arif Habib Limited, the group's brokerage and investment banking subsidiary, and Sachal Energy Development (Private) Limited, a pioneering wind power generation company.

He possesses an in-depth understanding of regulatory environments across diverse industries, coupled with comprehensive knowledge of key business processes and the implementation of robust accounting and internal control systems. Prior to AHCL, he gained valuable experience at Taseer Hadi & Co., Chartered Accountants, where he actively participated in statutory audits, limited review engagements, and various advisory roles.

Mr. Manzoor Raza
Company Secretary

With a career spanning over two decades, Manzoor brings extensive expertise in corporate law and compliance. Serving as the Company Secretary at Arif Habib Corporation Limited, he has traversed a diverse landscape, encompassing listed, public unlisted, and private companies, non-profit organizations, and NBFCs.

Having served previously with MCB-Arif Habib Savings and Investments Ltd. (Now MCB Investment Management Limited). Manzoor transitioned to Arif Habib Corporation Limited in 2011 and remains an integral part of the Arif Habib Group since 2003. Known for his attention to details and precision has a track record of devising creative solutions to complex issues.

Manzoor's expertise also extends to managing share buy-back processes, policy development and approval, and participation in intricate transactions, including company listings on stock exchanges and amendments to constitutive documents.

Throughout his career, Manzoor has diligently ensured strict adherence to corporate laws, regulations, codes, and policies. He actively liaises with regulators, legal advisors, and external auditors, consistently delivering on compliance and statutory audit requirements.

Directors' Report

Dear Fellow Shareholders,

The Directors of Arif Habib Corporation Limited (AHCL) present herewith the Annual Report of your Company and the audited financial statements for the financial year ended on 30th June 2023 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

In the year under review, Pakistan's economic landscape presented significant challenges. These challenges were marked by a notable sharp increase in inflation, followed by very high interest rates. The value of the Rupee remained under tremendous pressure throughout the year fuelling sharp inflation. During the year forex reserves also remained under pressure adversely affecting business confidence and slowed GDP growth. These factors have been especially negative for public finances as well creating record budget deficit. However, on the last day of the outgoing fiscal year, Pakistan entered a new nine-month Stand-By Arrangement program with the IMF, amounting to USD 3 billion, providing a much-needed immediate uplift to the economic situation.

Financial Results

During the financial year, the Company posted a consolidated profit-after-tax (attributable to equity holders of the Parent Company) of PKR 3,418 million as opposed to PKR 3,474 million during last year. This translates to an earning of PKR 8.37 per share as compared with an earning of PKR 8.50 per share last year.

On an unconsolidated basis, the Company has recorded a loss-after-tax of PKR 972 million, resulting in loss of PKR 2.38 per share, compared to profit-after-tax of PKR 3,758 million or PKR 9.20 per share during the last year. This loss is on account of unrealised remeasurement of investment portfolio coupled with increase in rate of super tax by 6% resulting in substantial increase in tax expense due to remeasurement of deferred tax liability and increase in effective tax rate for the current year. However, owing to cash dividends from investee companies, the quality of income of your Company has improved significantly. The Board has not recommended dividend for the year under review.

Performance of Subsidiaries and Associates

Due to prevailing challenging economic situation of the country, performance of subsidiary and associates remained mixed. Due to a diversified portfolio, your Company has been able to achieve satisfactory consolidated profits.

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 delivered stable business performance. During the current financial year, FATIMA on a consolidated basis, generated net profit after tax of PKR 14,093 million as compared to net profit after tax of PKR 15,014 million during the last period. Your Company has earned PKR 1,117 million in the form of dividend from fertiliser business.

The demand for fertilizers is expected to remain stable and despite the challenging business environment, FATIMA is geared to register sustainable growth due to availability of healthy volumes and robust strategies put in place.

During the year, The Lahore High Court sanctioned the Scheme of Compromises, Arrangements and Reconstruction to amalgamate Pakarab Fertilizers Limited (PFL) with and into the Fatima Fertilizer Limited with effect from July 01, 2022. Apart from PFL's assets and liabilities being acquired by the Company, Fatima Packaging Limited, a wholly owned subsidiary of PFL, has now become a wholly owned subsidiary of Fatima. In consideration of your Company's investment in PFL, Fatima has undertaken to issue equivalent number of redeemable class A shares of FATIMA, details of which are disclosed in note 6.3.1 of the Unconsolidated Financial Statements.

Financial Services

Pakistan's stock market remained flat due to economic challenges and political uncertainties. Despite a 36.5% decline in traded value and no major equity IPOs amid market volatility AHL adapted well and posted an after-tax profit of PKR 185 million.

Your Company has divested entire shareholding of its asset management company, MCB-Arif Habib Savings and Investments Limited's (MCBAH) to MCB Bank. The sale was carried out at a price of Rs. 30 per share after obtaining the necessary statutory approvals.

Your Company has earned PKR 269 million in the form of dividend from financial services associates.

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 2,464 million in the current year as compared to PKR 1,956 million in the last year. Your company has earned PKR 1,236 million in the form of dividend from SEDPL.

Real Estate

The Arif Habib Group being a staunch believer and advocate for transparency and documentation is setting the example by now choosing REIT as the preferred mode of investment in real estate sector. During the year, your company has invested in Globe Residency REIT, Pakistan's first listed developmental REIT and Naya Nazimabad Apartment REIT which is in addition to its existing portfolio of investment in Silk Islamic Developmental REIT. Globe Residency REIT in its first year of listing has declared a dividend of PKR 3 per unit. We expect the REIT schemes to be lucrative, generating attractive dividend yields.

Apart from investment in REITs, our investee company's project 'Naya Nazimabad' has received remarkable public response showcasing their unwavering trust and confidence in Javedan Corp's management's dedication to its development. During the year JCL has achieved its highest ever sales PKR 16,827 million and profit after tax of PKR 6,742 million.

Steel

Our investee, Aisha Steel Mills Limited (ASML) faced a 60% sales drop and 52% revenue reduction due to lower international HRC prices and unprecedented economic challenges and situation beyond control. This led to a gross profit margin of 6.5%, down from 8.5% last year, and a loss after tax of PKR 3,216 million, compared to a PKR 1,146 million profit last year. To counter these challenges, ASML's sponsor, Mr Arif Habib, has injected quasi-equity of PKR 4 billion on deferred markup basis to make up for adverse effect of the losses. We expect to see gradual improvement in ASML's operations.

Future Outlook

The commencement of the fiscal year brings forth a demanding business environment characterized by heightened interest rates, taxation rates, and inflation, compounded by the depreciation of the Pak Rupee. While the new Stand-By Arrangement program with the IMF has provided some respite, investors are keenly watching the Government's initiative, introduction of SIFC concept where investments from friendly countries is expected in the areas of agriculture, information technology, mining and defence production. SIFC is supposed to support local investors as well. The Government has also initiated crackdown of smuggling, abuse of border trades, Afghan transit trade and manipulation of FX market huge unscrupulous element. These measures have shown some positive results bringing some stability in the value of the Rupee. It is expected that sustainability in these actions will play a role in restoring investor's confidence in Pakistan's economy.

Your company's diversified portfolio provides stability to the operations of the Company. We expect stable performance of our investment in all sectors namely in fertilizer, wind power, financial services, real estate, steel and cement sectors. As we anticipate a decline in interest rates in the third and fourth quarters of the financial year, our Company's financial performance is likely to improve.

During the year, the Board of Directors had empowered the management to evaluate and propose terms for a corporate restructuring of the businesses being carried out by AHCL and/or its subsidiary AHL. In its meeting on 28th September 2023, the Board has expanded the scope, authorizing the Management to evaluate and propose strategies for reorganizing and/or realigning the Group's businesses and / or its investments, with the objective to attain financial and tax efficiencies, identify potential synergies where applicable, and enhance operational effectiveness. The management is developing proposals, including, but not limited to, the amalgamation of group companies with and into AHCL. The management is directed to present its proposals to the Board of Directors and shareholders for consideration and approvals once all details have been finalised.

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 are dedicated to their long-term development, proactively identifying and cultivating the right talent, amplifying their strengths, and fostering their continuous growth and adaptability.

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

We firmly 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 of 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

Since our inception, sustainable and responsible development has been at the heart of our mission. We steadfastly urge our group companies to exemplify responsibility and sensitivity towards the communities and environments in which they operate.

At the Arif Habib Group we hold a deep commitment to the well-being of our employees and the broader community and have taken steps to ensure the safety of our employees, customers, stakeholders while extending support to our local communities.

Arif Habib Group companies run a sizeable CSR program in Pakistan focusing on pivotal sectors which include 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. Our vision is to further bolster economic growth and stability in Pakistan by actively reinvesting in its economy, its people, and the sustainability of its environment. The Group is unwavering in its support for initiatives aimed at reducing resource consumption and driving research in renewable energy.

Your Company takes its contribution towards national economy seriously and we have consistently discharged our obligations with transparency, accuracy, and timeliness. Details of the contributions made by group companies are presented on Page 66.

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	Nomination Committee
Khawaja Jalaluddin Roomi	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

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 present eight directors elected in the Extra Ordinary General Meeting held on 21st September 2022 will complete in September 2025. No casual vacancy occurred during the financial year ended 30th June 2023.

Directors Remuneration Policy

The Non-Executive and independent directors of Arif Habib Corporation Limited 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. Disclosure relating to meeting fee and commission paid to Non-Executive Directors is included in note # 37 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 3,148 shareholders of the Company as of 30th June 2023. 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 58.

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 30th June 2023 amounts to PKR 56.93 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 28th October 2023 and being eligible, have offered themselves for reappointment for the year ending on 30th June 2024. 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 30th June 2024 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 28th October 2023.

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.

For and on behalf of the Board

Mr. Arif Habib
Chief Executive

Mr. Asadullah Khawaja
Chairman

Karachi: September 28, 2023

Annexure I

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

From 1st July 2022 to 30th June 2023

Name	Designation	Shares bought	Shares sold	Remarks
Mr. Asadullah Khawaja	Chairman	-	-	-
Mr. Muhammad Arif Habib	Chief Executive	-	-	-
Mr. Nasim Beg	Director	-	-	-
Mr. Abdus Samad	Director	-	-	-
Mr. Muhammad Kashif	Director	-	-	-
Mr. Muhammad Ejaz	Director	-	-	-
Ms. Zeba Bakhtiar	Director	-	-	-
Khawaja Jalaluddin Roomi	Director	50,500	50,000	-
Mr. Mohsin Madni	CFO	-	-	-
Mr. Manzoor Raza	Company Secretary	-	-	-
Mr. Razi Haider	Head of Internal Audit	-	-	-
Mrs. Lubna Khawaja	Spouse of Mr. Asadullah Khawja	-	5,000	-
Minor children	-	-	-	-

Annexure II

Statement showing attendance at Board Meetings

From 1st July 2022 to 30th June 2023

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Arif Habib	Chief Executive	4	4	4	-	-
Mr. Asadullah Khawaja	Chairman	4	4	4	-	-
Khawaja Jalaluddin Roomi	Director	4	4	4	-	-
Mr. Nasim Beg	Director	4	4	3	1	-
Mr. Samad Habib	Director	4	4	4	-	-
Mr. Kashif Habib	Director	4	4	4	-	-
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 Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Khawaja Jalaluddin Roomi	Chairman	4	4	3	1	-
Mr. Kashif Habib	Director	4	4	4	-	-
Mr. Muhammad Ejaz	Director	4	4	4	-	-

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 Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Ms. Zeba Bakhtiar	Chairperson	2	2	2	-	-
Mr. Arif Habib	Chief Executive	2	2	2	-	-
Mr. Nasim Beg	Director	2	2	2	-	-
Mr. Kashif Habib	Director	2	2	2	-	-

Investments & Projects Diversification Committee (IPDC)

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

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

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

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Arif Habib	Chief Executive	2	2	2	-	-
Mr. Nasim Beg	Director	2	2	2	-	-
Mr. Samad Habib	Director	2	2	2	-	-
Mr. Kashif Habib	Director	2	2	2	-	-

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)

As at 30th June 2023

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouse(s) and minor children	14	332,232,568	81.35
Associated Companies, undertakings and related parties	21	34,082,875	8.35
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	3,050	27,953,968	6.85
General Public - Foreign	8	186,285	0.05
Others	48	9,311,517	2.28
Total	3,148	408,375,000	100

Annexure III

Pattern of Shareholding (Symbol : AHCL)

As at 30th June 2023

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouse(s) and minor children			
Arif Habib	2	328,920,967	80.54
Khawaja Jalaluddin	3	3,187,000	0.78
Asadullah Khawaja	2	81,006	0.02
Muhammad Kashif	1	35,290	0.01
Nasim 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	5,000	0.00
Associated Companies, undertakings and related parties			
Masood Fabrics Limited	7	9,422,156	2.31
Sharmin Shahid	1	8,673,000	2.12
Roomi Holdings (Pvt.) Limited	3	5,462,000	1.34
Nida Ahsan	1	5,406,074	1.32
Roomi Fabrics Limited	3	4,394,585	1.08
Masood Holdings (Private) Limited	3	615,500	0.15
Tasnim Beg	1	105,000	0.03
Abdul Rahim Khawaja	1	4,500	0.00
Muhammad Shahzad	1	60	0.00
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			
a. Local	3,050	27,953,968	6.85
b. Foreign	8	186,285	0.05
Others	48	9,311,517	2.28
Total	3,148	408,375,000	100

Share holders holding 10% or more	Shares Held	Percentage
Arif Habib	328,920,967	80.54

Annexure III

Pattern of Shareholding (Symbol : AHCL)

As at 30th June 2023

# Of Shareholders	Shareholdings'Slab			Total Shares Held
772	1	to	100	18,176
666	101	to	500	201,783
436	501	to	1,000	340,599
808	1,001	to	5,000	1,936,258
163	5,001	to	10,000	1,189,763
88	10,001	to	15,000	1,092,087
189	15,001	to	500,000	12,968,425
16	500,001	to	2,500,000	20,254,905
6	2,500,001	to	6,000,000	23,949,381
2	6,000,001	to	10,000,000	17,502,656
1	10,000,001	to	100,000,000	76,750,967
1	100,000,001	to	252,170,000	252,170,000
3,148				408,375,000

Group Companies


NAYA
NAZIMABAD


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

Fatima Fertilizer

Fatima Fertilizer Company Limited (FFCL) was set up as a joint venture between Fatima Group and Arif Habib Group, 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 feedstock.

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

Arif Habib Ltd.

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.

ARIF HABIB
LIMITED

Power Cement

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 the M-9 Motorway in Nooriabad Industrial Area, Jamshoro, Sindh.

In addition to two existing production lines having a 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.

AISHA STEEL
MILLS LIMITED

Aisha Steel Mills

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.

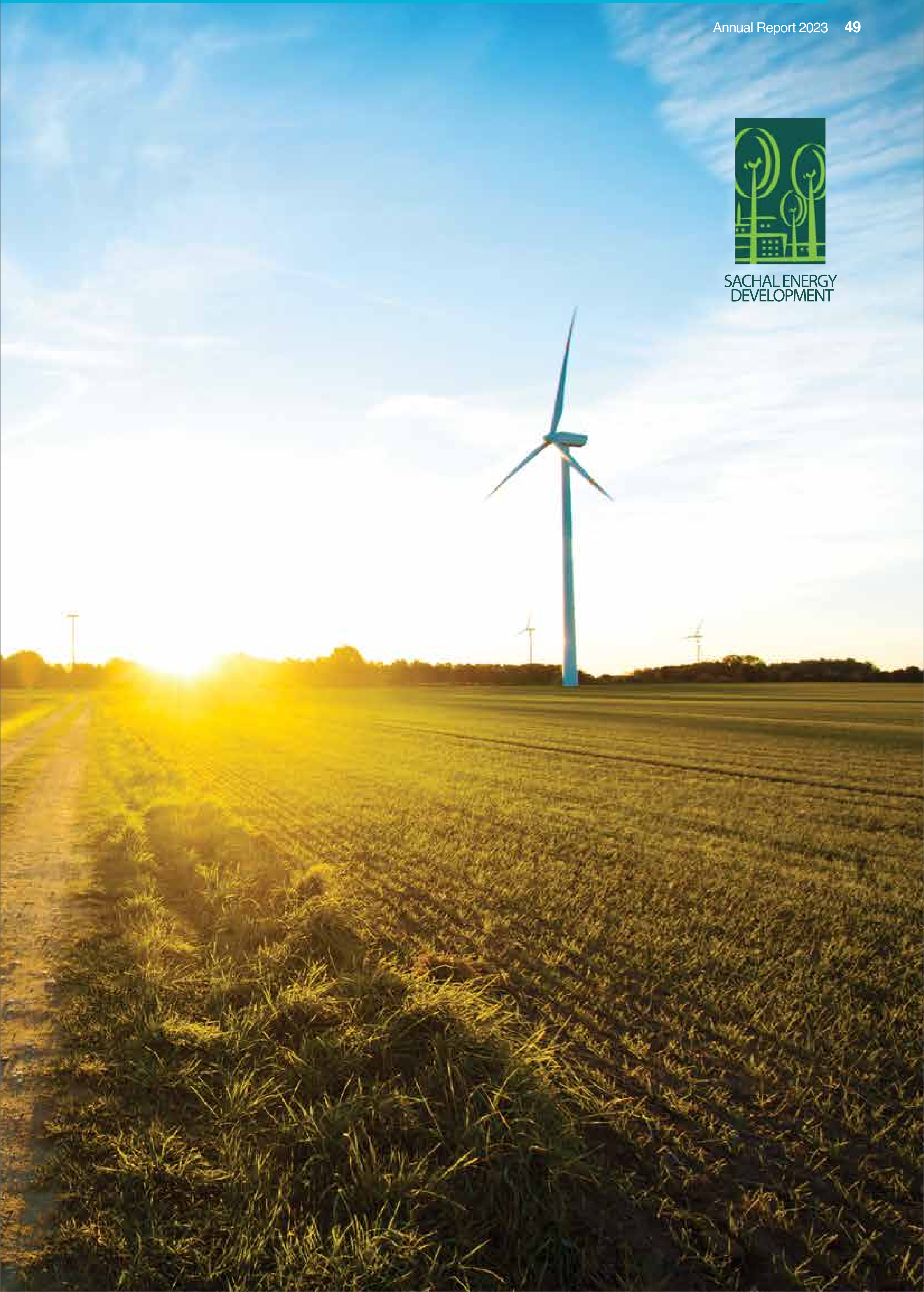
ASML started its commercial operation in 2012 and produces Cold Rolled and Hot Dipped Galvanized coils. The nameplate rolling capacity is 850,000 metric tons. The plant is equipped with state-of-the-art equipment acquired from top manufacturers from Germany, Japan, Austria and China.

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.

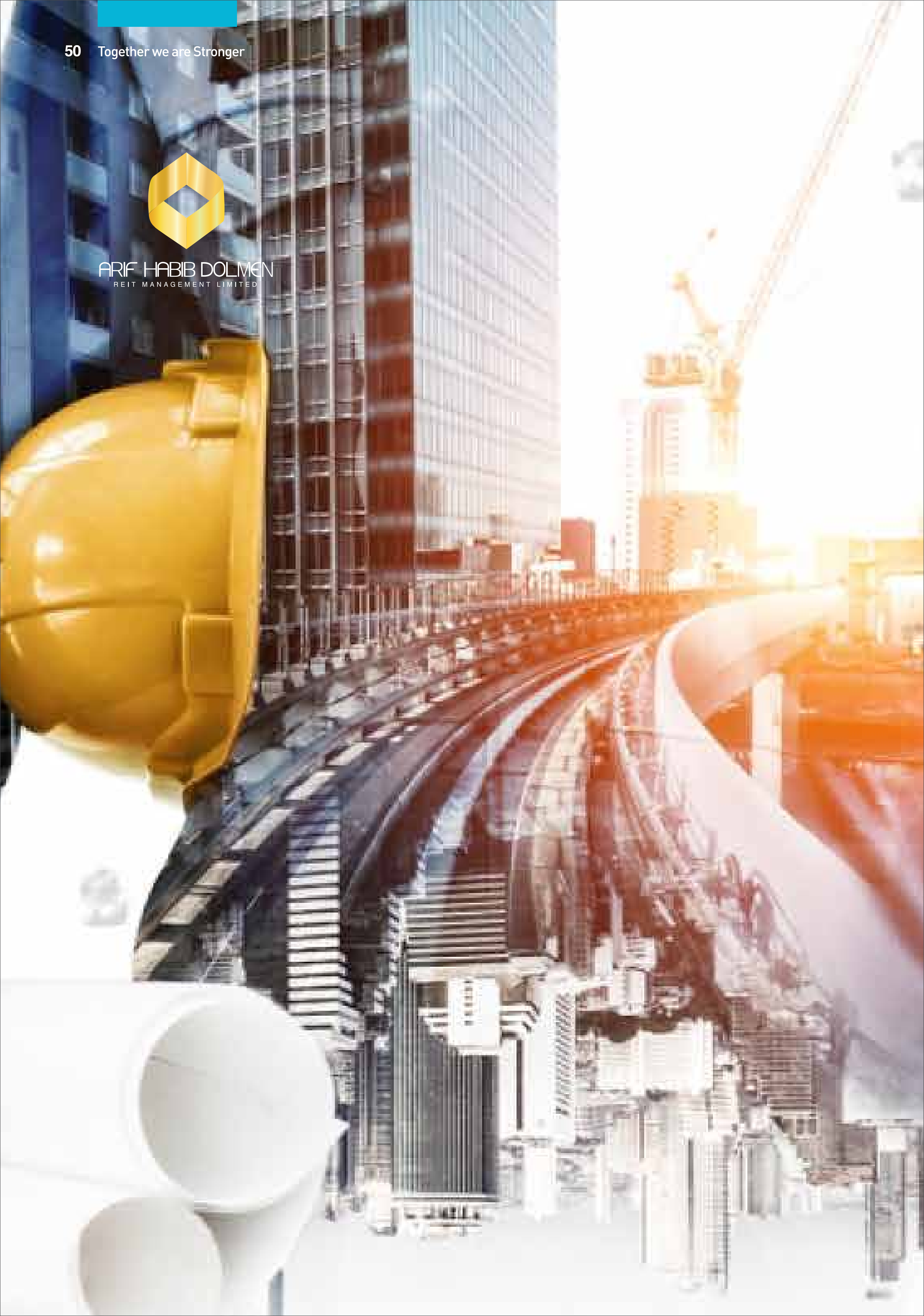
Sachal Energy

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 groundbreaking 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.



SACHAL ENERGY DEVELOPMENT


ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED

AHDRML

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

The Arif Habib Group holds a significant stake in Javedan Corporation Limited (JCL), which originally began as a cement manufacturing plant in 1960. As urban expansion surrounded the plant with residential areas, environmental concerns prompted the group to dismantle the cement plant. In its place, the visionary Naya Nazimabad housing society emerged, becoming a masterpiece in the centre of the city. Covering 1,366 acres and located just 2km from Sakhi Hasan, North Nazimabad, Naya Nazimabad has not only elevated the local surroundings but also aims to catalyse positive transformations in neighbouring areas.

Being the only completely owned real estate development of its time, Naya Nazimabad boasts an array of amenities. This includes an international standard cricket ground, football and basketball facilities with accompanying academies, and lush green spaces adorned with award-winning trees. Additionally, the community also houses features such as a grand mosque with an expansive, column-free prayer hall, educational institutions, a medical centre, a hospital, and an expansive commercial precinct.

JAVEDAN
CORPORATION LIMITED

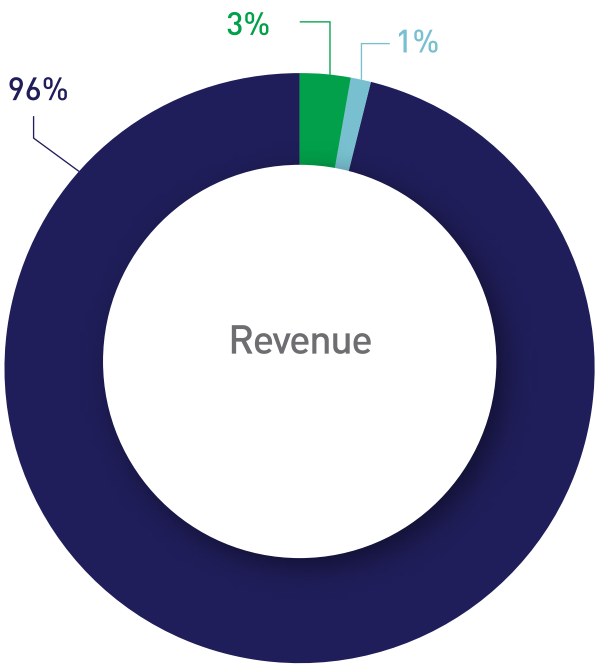
Naya Nazimabad is rapidly transitioning from a developing region into a vibrant community. With new residents settling into their homes and numerous houses in construction and approval stages, the area is thriving, offering an unparalleled quality of life within the city's densely populated landscape. To enhance transportation for residents, a 1.6-kilometer-long flyover is currently under construction, connecting Sakhi Hassan to Naya Nazimabad's gate.

With the Group being a pioneer of 'firsts', Naya Nazimabad embarked on a series of apartment projects under the innovative REIT model, which garnered an overwhelming response. The future holds even more exciting prospects, with several upcoming apartment projects and commercial sites on the horizon. The final touches are being applied to the Naya Nazimabad Gymkhana, which will soon welcome the public as membership processes are initiated. This collective effort solidifies Naya Nazimabad's position as a hub of progress, redefining urban living and leaving an indelible mark on Karachi's landscape.

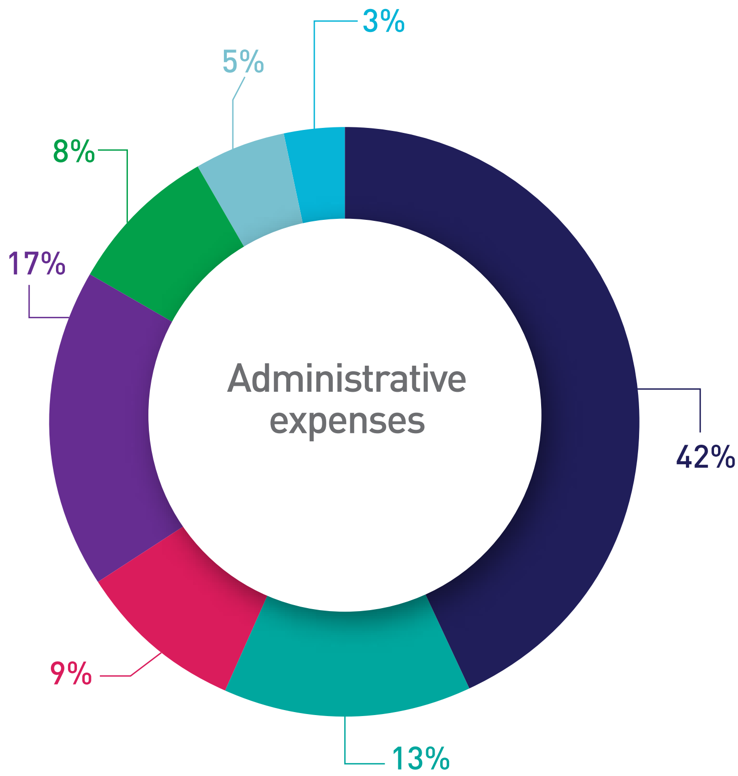

2017
2018
2019
2020
2021

Financial Highlights

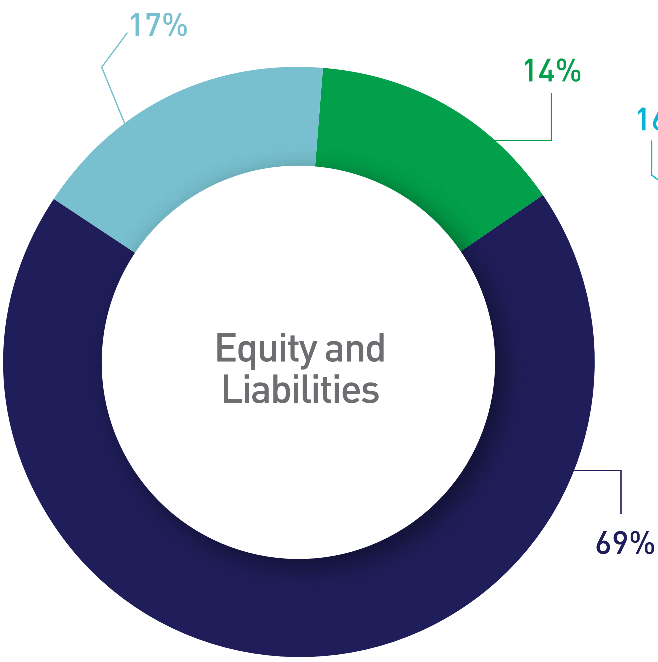
AHCL 2023 at a Glance



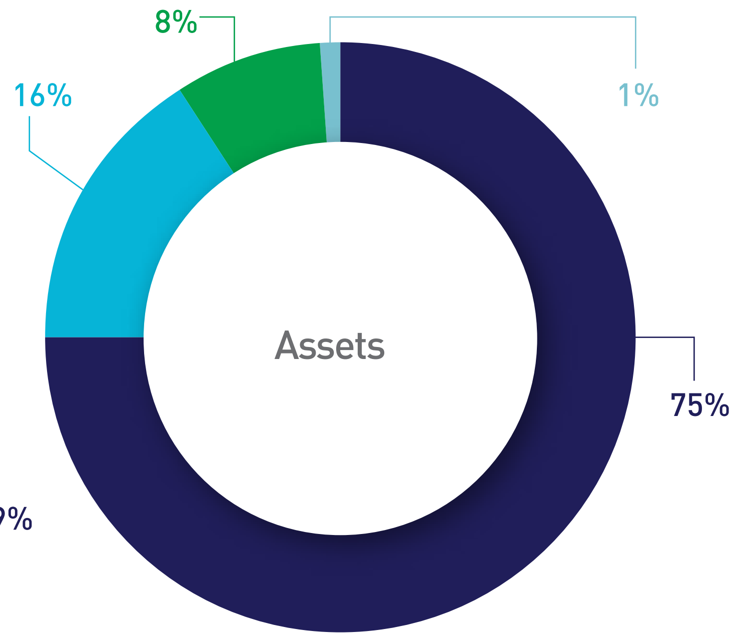
Dividend, 96% Others, 3% Guarantee Commission, 1%



Salaries and benefits, 42% Commission, 13%
Depreciation, 9% Others, 17%
Utitlities, repairs & maintenances, 8%
Travelling and conveyance, 5% Fees and subscription, 3%



Reserves, 69% Paid-up capital, 17% Liabilities, 14%



Long term investments, 75% Short term investments, 16%
Loan advances, 8% Other assets, 1%

Key Figures & Highlights

on Consolidated Basis

	2023	2022	2021
Revenue (Rs. in million)	7,950	5,408	5,591
Profit after tax (Rs. in million)	3,816	4,011	8,395
EBITDA (Rs. in million)	8,902	6,900	11,050
Total Assets (Rs. in million)	57,780	54,251	49,767
Total Equity (Rs. in million)	37,187	35,610	32,891
Equity attributable to owners of the Parent copany (Rs. in million)	34,116	32,040	30,005
Earnings per share (Rs. in million)	8.37	8.50	18.33
NBV per share (Rs. in million)	91.06	87.20	80.54

on Unconsolidated Basis

	2023	2022	2021
Revenue (Rs. in million)	2,902	1,733	1,059
Profit after tax (Rs. in million)	(972)	3,758	3,874
EBITDA (Rs. in million)	192	4,003	4,303
Total assets (Rs. in million)	23,814	26,064	22,764
Total Equity (Rs. in million)	20,469	23,834	21,365
Market capitalization (Rs. in million)	10,156	15,110	16,347
Earnings per Share (Rs. in million)	(2.38)	9.20	9.49
Net assets per share (Rs. in million)	50.12	58.36	52.32

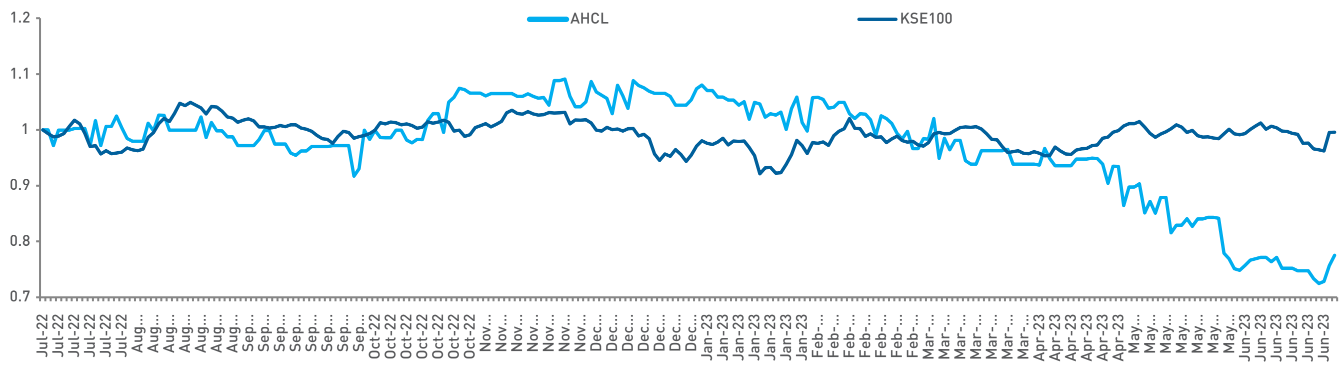
Financial & Business Highlights

Six Years at a Glance

Year ended 30th June	2023	2022	2021	2020	2019	2018
Profit and Loss Account						
Revenue	2,902.36	1,733.78	1,058.89	782.51	830.03	1,338.02
Gain on sale of securities - net	0.43	637.45	204.62	646.38	63.95	54.08
Administrative expenses	(166.14)	(120.44)	(120.14)	(115.25)	(102.49)	(106.21)
Net finance (cost) / income	(138.08)	7.38	13.70	(107.94)	49.42	(35.52)
(Loss) / Gain on remeasurement of investments	(2,563.88)	1,730.21	3,188.97	(1,647.45)	(1,721.23)	(291.22)
Other income / (charges)	3.22	2.53	(49.50)	(0.07)	(21.46)	(11.02)
Profit / (loss) before tax	37.91	3,990.90	4,296.54	(441.81)	(901.79)	948.12
Profit / (loss) after tax	(972.36)	3,757.72	3,874.06	(569.88)	(963.84)	820.99
EBITDA	192.09	4,003.01	4,302.54	(315.72)	(945.74)	990.20
Balance Sheet						
Share capital	4,083.75	4,083.75	4,083.75	4,083.75	4,537.50	4,537.50
Reserves	16,385.42	19,749.97	17,280.79	14,019.29	15,340.45	25,365.96
Property and equipment	25.91	37.43	61.04	61.59	25.27	30.32
Long term investments	17,881.95	19,184.75	16,321.39	15,325.67	16,403.15	27,572.49
Current assets	5,821.92	6,729.57	6,243.04	3,453.26	10,114.25	11,158.05
Current liabilities	2,813.73	2,097.37	1,140.57	759.12	6,830.62	6,363.88
Non current liabilities	531.16	132.73	258.90	115.86	-	2,678.37
Total assets	23,814.06	26,063.82	22,764.01	18,978.03	26,708.57	38,945.71
Total liabilities	3,344.88	2,230.10	1,399.47	874.99	6,830.62	9,042.24
Performance						
Return on equity (%)	-4.39%	16.63%	19.63%	-3.00%	-3.87%	2.72%
Return on assets (%)	-3.90%	15.39%	18.56%	-2.49%	-2.94%	2.14%
Return on capital employed (%)	0.84%	16.62%	19.81%	-1.83%	-4.79%	3.02%
Income/ expense ratio (x)	1.12	36.30	41.37	(0.98)	(15.99)	7.69
Earning Asset/Total Asset Ratio (%)	99.07%	99.61%	99.59%	96.14%	99.57%	99.79%
Break-up value (PKR)	50.12	58.36	52.32	44.33	43.81	65.90
Leverage						
Total liabilities to equity ratio (%)	16.34%	9.36%	6.55%	4.83%	34.36%	30.24%
Cost of debt (%)	17.73%	10.07%	9.00%	14.47%	9.34%	8.08%
Long term liabilities to equity ratio (%)	2.59%	0.56%	1.21%	0.64%	-	8.96%
Interest cover ratio (x)	1.27	-	-	-	-	27.69

Year ended 30th June	2023	2022	2021	2020	2019	2018
Liquidity						
Current ratio (x)	2.07	3.21	5.47	4.55	1.48	1.75
Cash to current liabilities (%)	0.01	0.02	25.96%	4.64%	6.25%	0.70%
Valuation						
Price earning ratio (x)	(10.44)	4.02	4.22	(21.75)	(11.66)	19.14
Break-up value per share (PKR)	50.12	58.36	52.32	44.33	43.81	65.90
Cash dividend per share (PKR)	-	4.00	3.00	1.50	-	2.00
Dividend declared (%)	-	40.00%	30.00%	15.00%	-	20.00%
Dividend yield (%)	-	0.11	7.49%	5.0%	-	5.77%
Dividend payout ratio (%)	-	43.5%	31.6%	-107%	-	110.54%
Dividend cover ratio (x)	-	2.30	3.16	(0.93)	-	0.90
Market value per share (end of year) (PKR)	24.87	37.00	40.03	30.00	24.71	34.64
High (during the year) (PKR)	37.40	41.20	46.62	36.25	37.80	41.99
Low (during the year) (PKR)	22.75	31.75	29.11	19.01	18.52	31.36
Earnings Per Share (PKR)	(2.38)	9.20	9.49	(1.38)	(2.12)	1.81
Shareholders' Return						
Arif Habib Corporation Limited - annual total return (%)	-24.64%	-0.08%	40.46%	21.41%	-24.30%	-9.39%
Karachi Stock Exchange 100 Index- annual return (%)	-0.20%	-12.30%	37.60%	1.53%	-19.10%	-6.17%
Shareholders' return differential: AHSL-KSE-100 Index (%)	-24.44%	12.22%	2.86%	19.88%	-5.20%	-3.22%

Graph for the year ended on 30th June 2023



Horizontal Analysis of Financial Statements

	2023 Rupees in million	%▲YoY 2023-22	2022 Rupees in million	%▲YoY 2022-21	2021 Rupees in million	%▲YoY 2021-20
Balance Sheet						
Total equity	20,469.17	(14.12)	23,833.72	11.56	21,364.54	18.02
Total non-current liabilities	531.16	300.18	132.73	(48.73)	258.90	123.45
Total current liabilities	2,813.73	34.15	2,097.37	83.89	1,140.57	50.25
Total equity and liabilities	23,814.06	(8.63)	26,063.82	14.50	22,764.01	19.95
Total non-current assets	17,992.14	(6.94)	19,334.25	17.03	16,520.97	6.42
Total current assets	5,821.92	(13.49)	6,729.57	7.79	6,243.04	80.79
Total assets	23,814.06	(8.63)	26,063.82	14.50	22,764.01	19.95
Profit and Loss Account						
Revenue	2,902.36	67.40	1,733.78	63.74	1,058.89	35.32
Gain on sale of securities - net	0.43	(99.93)	637.45	211.53	204.62	(68.34)
Administrative expenses	(166.14)	37.95	(120.44)	0.25	(120.14)	4.25
Net finance (cost) / income	(138.08)	(1,972.15)	7.38	(46.18)	13.70	(112.70)
(Loss) / Gain on remeasurement of investments - net	(2,563.88)	(248.18)	1,730.21	(45.74)	3,188.97	(293.57)
Other incomes / (charges) - net	3.22	27.29	2.53	(105.11)	(49.50)	74,318.28
Profit / (loss) before tax	37.91	(99.05)	3,990.90	(7.11)	4,296.54	(1,072.48)
Taxation	(1,010.27)	333.26	(233.18)	(44.81)	(422.48)	229.90
Profit / (loss) after tax	(972.36)	(125.88)	3,757.72	(3.00)	3,874.06	(779.81)

	2020 Rupees in million	%▲YoY 2020-19	2019 Rupees in million	%▲YoY 2019-18	2018 Rupees in million	%▲YoY 2018-17
Balance Sheet						
Total equity	18,103.04	(8.93)	19,877.95	(33.53)	29,903.46	(1.86)
Total non-current liabilities	115.86	100.00	-	(100.00)	2,678.37	(7.35)
Total current liabilities	759.12	(88.89)	6,830.62	7.33	6,363.88	45.47
Total equity and liabilities	18,978.03	(28.94)	26,708.57	(31.42)	38,945.71	3.21
Total non-current assets	15,524.77	(6.45)	16,594.31	(40.28)	27,787.66	(7.87)
Total current assets	3,453.26	(65.86)	10,114.25	(9.35)	11,158.05	47.31
Total assets	18,978.03	(28.94)	26,708.57	(31.42)	38,945.71	3.21
Profit and Loss Account						
Revenue	782.51	(5.72)	830.03	(37.97)	1,338.02	(9.78)
Gain on sale of securities - net	646.38	910.80	63.95	18.25	54.08	(92.46)
Administrative expenses	(115.25)	12.44	(102.49)	(3.50)	(106.21)	(9.01)
Net finance (cost) / income	(107.94)	(318.44)	49.42	(239.11)	(35.52)	(76.05)
(Loss) / Gain on remeasurement of investments - net	(1,647.45)	(4.29)	(1,721.23)	491.04	(291.22)	11.16
Other incomes / (charges) - net	(0.07)	(99.69)	(21.46)	94.65	(11.02)	(103.05)
Profit / (loss) before tax	(441.81)	(51.01)	(901.79)	(195.11)	948.12	(60.18)
Taxation	(128.06)	106.38	(62.05)	(51.19)	(127.13)	(1,326.04)
Profit / (loss) after tax	(569.88)	(40.87)	(963.84)	(217.40)	820.99	(65.67)

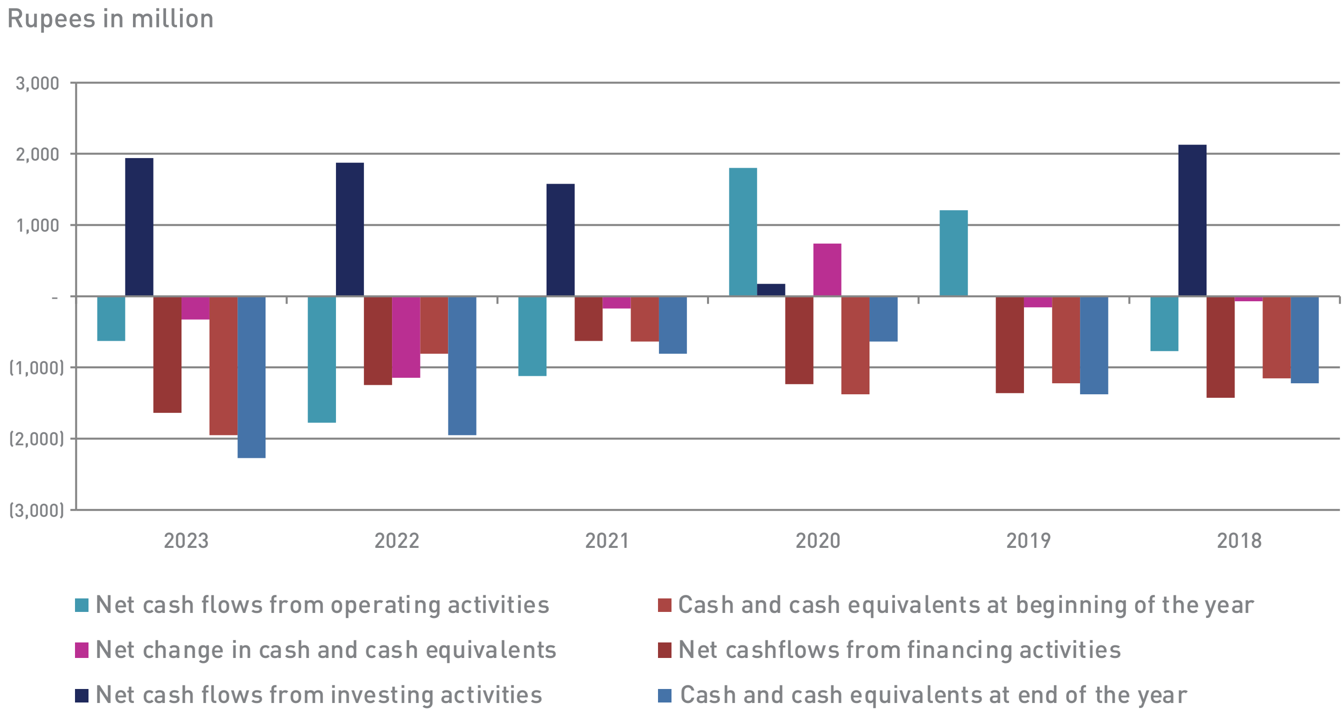
Vertical Analysis of Financial Statements

	2023 Rupees in million	%▲YoY 2023-22	2022 Rupees in million	%▲YoY 2022-21	2021 Rupees in million	%▲YoY 2021-20
Balance Sheet						
Total equity	20,469.17	85.95	23,833.72	91.44	21,364.54	93.85
Total non-current liabilities	531.16	2.23	132.73	0.51	258.90	1.14
Total current liabilities	2,813.73	11.82	2,097.37	8.05	1,140.57	5.01
Total equity and liabilities	23,814.06	100.00	26,063.82	100.00	22,764.01	100.00
Total non-current assets	17,992.14	75.55	19,334.25	74.18	16,520.97	72.57
Total current assets	5,821.92	24.45	6,729.57	25.82	6,243.04	27.43
Total assets	23,814.06	100.00	26,063.82	100.00	22,764.01	100.00
Profit and Loss Account						
Revenue	2,902.36	100.00	1,733.78	100.00	1,058.89	100.00
Gain on sale of securities - net	0.43	0.01	637.45	36.77	204.62	19.32
Administrative expenses	(166.14)	(5.72)	(120.44)	(6.95)	(120.14)	(11.35)
Net finance (cost) / income	(138.08)	(4.76)	7.38	0.43	13.70	1.29
(Loss) / Gain on remeasurement of investments - net	(2,563.88)	(88.34)	1,730.21	99.79	3,188.97	301.16
Other incomes / (charges) - net	3.22	0.11	2.53	0.15	(49.50)	(4.67)
Profit / (loss) before tax	37.91	1.31	3,990.90	230.19	4,296.54	405.76
Taxation	(1,010.27)	(34.81)	(233.18)	(13.45)	(422.48)	(39.90)
Profit / (loss) after tax	(972.36)	(33.50)	3,757.72	216.74	3,874.06	365.86

	2020 Rupees in million	%▲YoY 2020-19	2019 Rupees in million	%▲YoY 2019-18	2018 Rupees in million	%▲YoY 2018-17
Balance Sheet						
Total equity	18,103.04	95.39	19,877.95	74.43	29,903.46	76.78
Total non-current liabilities	115.86	0.61	-	-	2,678.37	6.88
Total current liabilities	759.12	4.00	6,830.62	25.57	6,363.88	16.34
Total equity and liabilities	18,978.03	100.00	26,708.57	100.00	38,945.71	100.00
Total non-current assets	15,524.77	81.80	16,594.31	62.13	27,787.66	71.35
Total current assets	3,453.26	18.20	10,114.25	37.87	11,158.05	28.65
Total assets	18,978.03	100.00	26,708.57	100.00	38,945.71	100.00
Profit and Loss Account						
Revenue	782.51	100.00	830.03	100.00	1,338.02	100.00
Gain on sale of securities - net	646.38	82.60	63.95	7.70	54.08	4.04
Administrative expenses	(115.25)	(14.73)	(102.49)	(12.35)	(106.21)	(7.94)
Net finance (cost) / income	(107.94)	(13.79)	49.42	5.95	(35.52)	(2.65)
(Loss) / Gain on remeasurement of investments - net	(1,647.45)	(210.53)	(1,721.23)	(207.37)	(291.22)	(21.76)
Other incomes / (charges) - net	(0.07)	(0.01)	(21.46)	(2.59)	(11.02)	(0.82)
Profit / (loss) before tax	(441.81)	(56.46)	(901.79)	(108.65)	948.12	70.86
Taxation	(128.06)	(16.37)	(62.05)	(7.48)	(127.13)	(9.50)
Profit / (loss) after tax	(569.88)	(72.83)	(963.84)	(116.12)	820.99	61.36

Summary of Cash Flow Statements

Year ended 30th June

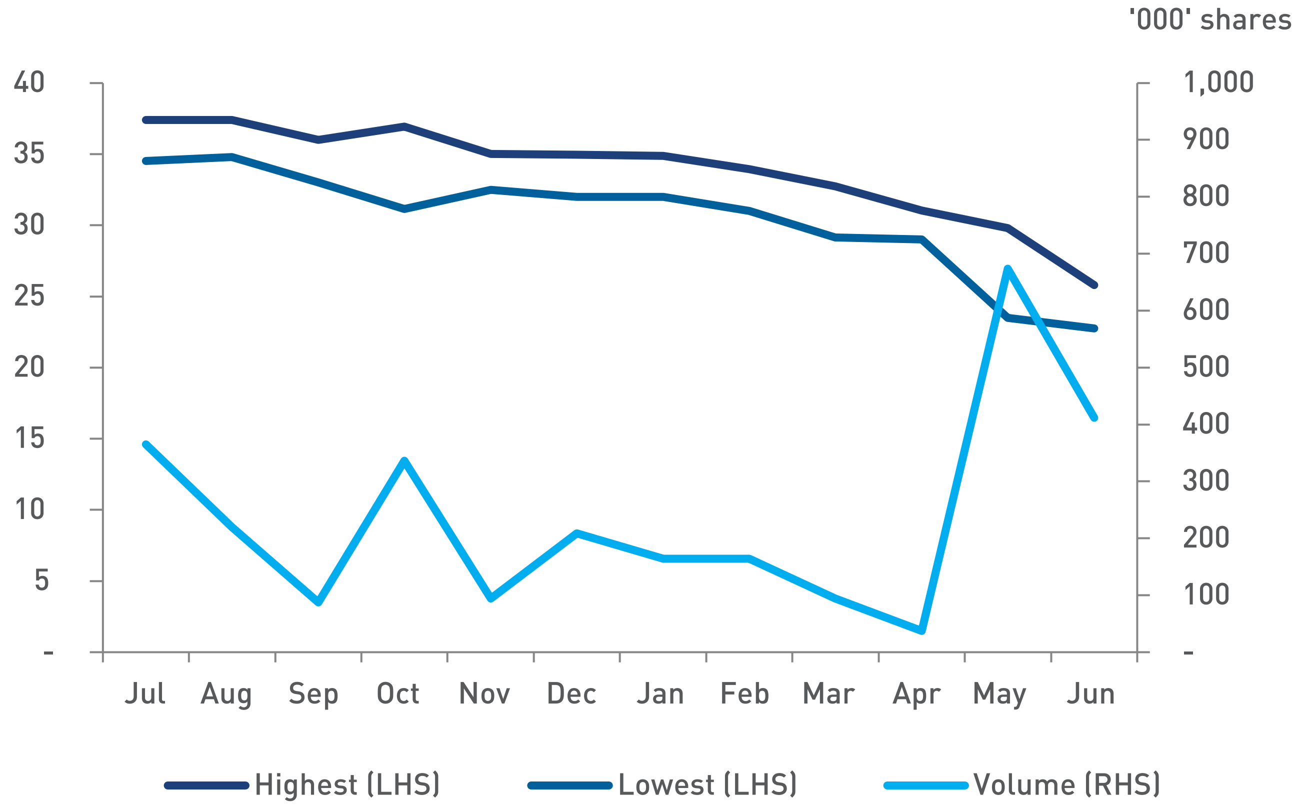


	2023	2022	2021	2020	2019	2018
	Rupees in million					
Net cash flows from operating activities	(628.63)	(1,774.27)	(1,119.56)	1,803.15	1,207.52	(769.65)
Net cash flows from investing activities	1,940.97	1,874.81	1,576.92	174.72	(0.45)	2,127.28
Net cashflows from financing activities	(1,639.81)	(1,245.60)	(627.89)	(1,236.62)	(1,362.68)	(1,426.68)
Net change in cash and cash equivalents	(327.46)	(1,145.06)	(170.53)	741.25	(155.61)	(69.05)
Cash and cash equivalents at beginning of the year	(1,949.76)	(806.55)	(635.59)	(1,377.03)	(1,223.00)	(1,154.74)
Cash and cash equivalents at end of the year	(2,273.93)	(1,949.76)	(806.55)	(635.59)	(1,377.03)	(1,223.00)

Share Price / Volume Analysis

Month	Highest (LHS)	Lowest (LHS)	Volume (RHS)
AHCL Share Price on the PSX			
July-22	37.40	34.51	365,000
August-22	37.40	34.80	220,000
September-22	36.00	33.00	87,500
October-22	36.94	31.14	336,500
November-22	35.00	32.50	94,500
December-22	34.95	32.00	209,000
January-23	34.88	32.00	164,500
February-23	33.95	31.00	164,500
March-23	32.73	29.15	94,500
April-23	31.03	29.00	37,500
May-23	29.80	23.50	673,500
June-23	25.79	22.75	411,500
	37.40	**22.75**	**2,858,500**

Share price movement at PSX during FY2023

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Sustainability Report

Investing in Pakistani Economy, Society & Environment

At Arif Habib Group, sustainability and social responsibility are central to our ethos. We believe that caring for the society of which we are 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 society and the 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 held dear by the top management, but they 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.

We believe that compassion exists in everyone, every single human being possesses it. Some realize it faster, others take a little longer. Nothing is an act of charity. We only know that there is a responsibility you are born with when you are born a human being, and that has to do with connecting on a level with another human being. We are privileged that we have a platform in our life that allows us to make a difference.

The Arif Habib Group has adopted the following Sustainable Development Goals to which it intends keep adding.

Zero Hunger
(SDG 2)

It is very unfortunate that despite raking in the top producers of wheat, rice, sugarcane and milk, Pakistan faces a looming food security crisis. Pakistan has immense agri potential which we have been unable to exploit entirely due to our snail like transition from age-old farming practices towards modern and precision-based farming based on scientific knowledge and technology. 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 engaging with farmers. Fatima Fertilizer has been enabling and empowering farmers with scientific advisory on crop planning, water, and soil testing. They provide customized information based on locality and land type. This is facilitated through the 'Sarsabz Pakistan' mobile app, widely adopted by farmers nationwide.
In pursuit of our goal of Zero Hunger, Group companies have conducted Ration drives throughout the year to aid communities near their operations. Javedan Corporation Limited operates a food bank which is accessible to residents within the Naya Nazimabad vicinity. The Group also focuses on minimizing cafeteria waste and promotes water conservation across all units.

Good Health and Well-Being
(SDG 3)

Throughout the years, the Group has invested in the well being of our human capital and the communities where we operate.

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.

We also extend our backing to Memon Medical Institute (a project of the Memon Heath & Education Foundation) dedicated to providing accessible and affordable healthcare and education with dignity, respect, and empathy. Memon Medical Institute is soon to begin its expansion, to which the Group has committed support.

Another hospital that the Group Companies support is the Mukhtar A. Sheikh Hospital which is located in the heart of Southern Punjab. Mukhtar A. Sheikh Hospital opened its doors to general public in November 2018. This state-of-the-art facility, open to the public since November 2018, will ultimately feature 500 beds, offering top-tier care for common and complex medical conditions.

The Ali Habib Medical Centre (AHMC), an initiative of Javedan Corporation Limited in Naya Nazimabad, addresses the unmet healthcare needs of the community and neighboring areas. It focuses on providing primary healthcare services, complete with consultant clinics, modern diagnostic facilities, and a dedicated staff in a comfortable environment. We believe in the fundamental importance of promoting good health, disease prevention, and management for the well-being of the local residents. AHMC has also conducted several Medical Camps, advocating for regular check-ups and a healthier lifestyle.

Additionally, Javedan Corporation is in the process of establishing a comprehensive tertiary hospital within its premises.

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

In its commitment to foster holistic health and well-being, the Group has actively supported and engaged in the advancement of various sports disciplines. Beyond event sponsorship, the Group has constructed dedicated cricket and football stadiums in Naya Nazimabad, each complemented by its own training academy. Later this year, a well-equipped Gymkhana, featuring a range of indoor sports facilities, will also be accessible to the public.

Our dedication trickles down across our companies promoting and practicing safe and healthy working environments for our employees.

Quality Education
(SDG 4)

Education serves as the bedrock for the advancement and prosperity of any society, forming the cornerstone of human development. In pursuit of this goal, Arif Habib Group provides steadfast support to numerous organizations, including 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).

Additionally, our group lends its support to various foundations, such as CARE Foundation, Progressive Education Network, Bait us Salam Welfare Trust, The Citizens Foundation, Memon Educational Board, and The Hunar Foundation, among others.

Clean Water and Sanitation
(SDG 6)

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

Climate Action
(SDG 7 & 13)

In today's world, where climate change is a pressing concern, we proactively position ourselves at the forefront of the solution. The Group is dedicated to supporting initiatives that promote resource efficiency and advance research in renewable energy. We firmly believe that sustainable resource management is pivotal to a thriving environment.

Renewable energy represents the future of power generation, not only in our country but globally. We advocate for the development and investment in indigenous sources of energy. In pursuit of this, the Group has established SEDPL, a specialized company operating a 50 MW wind farm in Jhimpir, Sindh. This endeavor aims to generate green energy with zero harmful emissions, earning us Certified Emission Reductions (CERs) or Carbon Credits through CDM.

Our aspiration is to contribute to a more sustainable future for the country's energy demands. Naya Nazimabad embodies an energy-efficient approach, leveraging natural sunlight and wind to minimize heating and cooling needs.

Power Cement has implemented a Waste Heat Recovery System and a 7MW solar unit at its plant, with plans underway to install a wind farm on its premises. Furthermore, Naya Nazimabad has established an urban forest in alignment with the pursuit of a sustainable and eco-friendly environment.

Collaborating with the National Forum for Environment & Health alone, we have planted a total of 5,000 trees on multiple occasions. Several other Group enterprises have similarly engaged in such plantation initiatives.

Decent Work and Economic Growth
(SDG 8)

At Arif Habib, we understand the importance of our employees contribution to our success. That's why we are committed to creating a work environment that is free from discrimination and bias, and that provides our employees with the resources and support they need to thrive.

We believe that diversity and inclusion are essential for building a strong and innovative team. We encourage our employees to bring their unique perspectives and experiences to the table, and we are committed to creating a workplace where everyone feels valued and respected.

To foster a sense of community and collaboration, we offer a variety of team building activities, including workshops, sporting events, and skill-building programs. We also encourage our employees to participate in capacity development initiatives and job fairs, both as speakers and supporters.

We are proud to be a company that is committed to its employees. We believe that by creating a positive and supportive work environment, we can help our employees reach their full potential and contribute to our company's success.

Sustainable Cities and Communities
(SDG 7 & 13)

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.

Governance & Management

Corporate Governance

At AHCL, we consider corporate governance to be a fundamental pillar of our business philosophy. Our unwavering commitment to creating value for all stakeholders drives us to uphold the highest standards of transparency, accountability, and ethical conduct as we continue to expand our operations.

Transparency, accountability, and ethical practices are deeply ingrained in the fabric of AHCL's business processes. To ensure the integrity of our governance framework, our Board of Directors has adopted a set of guiding principles and policies. Presently, our Board consists of eight directors who diligently represent and safeguard the interests of our shareholders, including minority shareholders.

The Board actively engages in pivotal activities, such as approving budgets for capital and operational expenditures, evaluating investments in new ventures, and authorizing the issuance of additional shares. Additionally, the Board diligently oversees company operations by endorsing financial statements and dividend declarations, as well as reviewing both internal and external audit reports pertaining to internal controls and their effectiveness. To further ensure consistency, the Board has established comprehensive business policies, which are rigorously monitored and implemented by an independent Internal Audit department. This department continuously reports its findings to the Audit Committee.

Whistle Blowing

We place a high value on fostering an open dialogue about integrity and responsibility in our interactions with our employees. We actively encourage our team members to raise concerns and report any inappropriate incidents they may come across or become aware of. To facilitate this, AHCL has instituted a well-defined code of conduct within the company, which includes a robust whistle-blowing mechanism that extends throughout the organization.

Our commitment to conducting business affairs in a fair and transparent manner is unwavering, as we adhere to the highest standards of professionalism, honesty, integrity, and ethical behaviour. Our policies and procedures have matured to the point where employees can confidently voice their concerns about potential improprieties in any matter without fear of reprisal. It is worth noting that no incidents or concerns were reported during the past year.

Succession Planning

We firmly believe that a company's strength lies in the capabilities of its workforce. At AHCL, the development of our human resources is a paramount focus. As we continue our journey of growth, the role and development of our human resources becomes increasingly critical. Our organization thrives on the talent of our people, who are the driving force behind our efficiency-driven culture.

To ensure we have a continuous pool of talented individuals across all functions, AHCL places great emphasis on recruiting and retaining competent personnel. This recruitment is guided by various factors, including an individual's potential, qualifications, experience, and professional attitude, among others. We are committed to nurturing the strengths of our employees by providing them with challenging opportunities that enhance their potential and develop their abilities. Our Group employs numerous qualified professionals with varying levels of experience across our companies. This diversity enables us to draw upon a wealth of talent and experience to ensure seamless succession planning.

Stakeholder Engagement

AHCL is fully dedicated to nurturing effective relationships with all our stakeholders, actively working to address any issues that may arise during the course of our business dealings. We recognize that the value of our company is intricately tied to the trust placed in us by our stakeholders, and we actively promote open dialogue with them.

We engage with our stakeholders on a regular basis through internal and external communication channels. The frequency of these engagements is tailored to meet specific business and corporate requirements. Our stakeholders include:

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

Criteria to Evaluate Board's Performance

In an era where accountability and performance evaluation have risen to paramount importance, the task of self-assessment can prove to be a formidable challenge. However, the triumphant trajectory of a high-performing company is intrinsically linked to the ability of its directors to devise and guide a strategy that seamlessly aligns with the overarching vision, thus propelling expansion and prosperity. With this perspective, our company diligently nurtures the prowess of its Board of Directors, empowering them to enhance both their individual contributions and collective impact on the company and society at large.

A truly exceptional Board transcends being a mere assembly of accomplished individuals; it transforms into a harmonious ensemble that connects diverse skills within a culture fostering unity. This synergy enables sound decisions that steer the company toward progress, while also nurturing the environment it operates within. While the chair provides crucial guidance, the participatory involvement of each Board member remains paramount for the Board's effectiveness.

As the spotlight on performance evaluation intensifies within boardrooms, regulatory bodies and institutional investors increasingly advocate its practice as an essential component of robust corporate governance. The Board of Directors stands as the guardian of shareholders' investments and aspirations, channelling these into the company's mission and objectives. Upholding stakeholder trust necessitates periodic assessment of the Board's performance.

At AHCL, the Board has meticulously instituted a self-evaluation mechanism, a practice upheld for several years to uphold good governance principles. This evaluation centres on pivotal aspects like strategic expansion, identification of business prospects, adept risk management, composition of the Board, and vigilant oversight of management.

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 eff¬ective manner.
- Ensuring adequate information is shared with the Board timely and the Board is kept abreast of developments between meetings.

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

Report of the Audit Committee on Adherence to the Best Practices of Code of Corporate Governance

The audit committee has concluded its annual review of the conduct and operations of the Company during financial year ended on 30th June 2023, and reports that:

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

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

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

- Appropriate accounting policies have been consistently applied. Applicable accounting standards were followed in preparation of financial statements of the Company and consolidated financial statements on a going concern assumption basis, for the financial year ended 30th June 2023, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company and its subsidiaries for the year under review.

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

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

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

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

Internal Audit

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

- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievements of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholders wealth through effective financial operational and compliance controls and risk management at all levels within theCompany.
- 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 30th June 2023 and shall retire on the conclusion of the 29th Annual General Meeting.
- The Audit Committee has reviewed and discussed Audit observation and Draft Audit Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of Auditors' Report on financial statements under the listing regulations and shall thereof accordingly be discussed in the next Audit Committee Meeting.
- The Audit Firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by the ICAP. The Auditors attended the general meetings of the Company during the year and have confirmed attendance of the Annual General Meeting scheduled on 28th October 2023.
- Being eligible for re-appointment as Auditors of the Company, the Audit Committee recomends reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants, for the financial year 30th June 2024.

Karachi: 28th September 2023
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, 2023 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, 2023.

A.F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: 2 October 2023
UDIN: CR202310059EA6fKDUWQ

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Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

FOR THE YEAR ENDED 30TH JUNE 2023

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

1. The total number of directors are 8 (eight) as per the following:
   a. Male Directors : 7
   b. Female Director: 1
2. The composition of board is as follows:

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Four directors had already completed the directors' training / education program earlier whereas remaining four directors are exempt from attending the directors training program as per criteria mentioned under Code of Corporate Governance.
10. No new appointments of Chief Financial Officer, Company Secretary or Head of Internal Audit were made during the year under review
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

    a) Audit Committee:

Khawaja Jalaluddin Roomi	Chairman
Mr. Kashif A. Habib	Member
Mr. Muhammad Ejaz	Member

b) HR and Remuneration Committee:

Ms. Zeba Bakhtiar	Chairperson
Mr. Arif Habib	Member
Mr. Nasim Beg	Member
Mr. Kashif A. Habib	Member

c) Investments & Risk Management Committee:

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

d) Nomination Committee:

Mr. Arif Habib	Chairman
Mr. Samad A. Habib	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committees were as per following:
    a) Audit Committee – 4 (four) meetings of the committee were held during the financial year.
    b) HR and Remuneration Committee - 2 (Two) meetings of the committee were held during the financial year.
    c) Investments & Risk Management Committee - 2 (Two) meetings of the committee were held during the financial year.
    d) Nomination Committee - 1 (One) meeting of the committee was 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 2023, 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.

For and on behalf of the Board

ARIF HABIB
Chief Executive

ASADULLAH KHAWAJA
Chairman

Karachi: 28th September 2023

Unconsolidated Financial Statements

for the year ended 30th June 2023

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, 2023, 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, 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 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, 2023 and of the and other comprehensive loss, 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. This matter was 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.

Following are the Key audit matters:

S No.	Key audit matters	How the matters were addressed in our audit
(i)	**Investments** (Refer note 6 and note 12 to the unconsolidated financial statements) As at 30 June 2023, the Company has investments classified as "Subsidiaries - at cost", "Associates designated as fair value through profit or loss", "Debt instrument – at amortised cost", "Debt instruments at fair value through profit or loss", "Other equity securities designated as fair value through other comprehensive income" and "Equity securities at fair value through profit or loss" amounting to Rs. 21.7 billion which in aggregate represent 91.06% 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. 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.	Our audit procedures amongst others included the following: • Tested, on a sample basis, specific purchases and sale transactions recorded during the year by reference to its source; • In case of quoted securities, tested the valuation of such securities by agreeing the prices to the externally quoted market prices; • In case of unquoted securities, obtained the understanding of the basis of estimates and assumptions. Further, evaluated their appropriateness and tested the valuation of such securities; • Assessed the appropriateness of impairment policy in accordance with the requirements of accounting and reporting standards; and • 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.

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

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

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

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

A.F. Ferguson & Co.
Chartered Accountants
Karachi

Date: 2 October 2023

UDIN: AR202310059VWQzUvw2P

STATEMENT OF UNCONSOLIDATED FINANCIAL POSITION

As at 30th June 2023

ASSETS	Note	2023	2022
		(Rupees)	
NON-CURRENT ASSETS			
Property and equipment	4	**25,912,136**	37,430,437
Intangible assets	5	**296,615**	451,355
Long term investments	6	**17,881,945,203**	19,184,747,220
Long term loan to related party	7	**78,103,657**	106,537,149
Long term deposits and other receivable	8	**5,880,378**	5,087,578
		17,992,137,989	19,334,253,739
CURRENT ASSETS			
Loans and advances	9	**1,781,863,523**	1,145,638,900
Mark-up receivable	10	**186,088,244**	56,655,241
Prepayments and other receivables	11	**10,497,248**	7,901,910
Short term investments	12	**3,803,122,330**	5,478,335,260
Cash and bank balances	13	**40,348,417**	41,034,791
		5,821,919,762	6,729,566,102
TOTAL ASSETS		**23,814,057,751**	26,063,819,841

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 30th June 2023

EQUITY AND LIABILITIES	Note	2023	2022
		(Rupees)	
SHARE CAPITAL AND RESERVES			
Share capital			
Issued, subscribed and paid up share capital	14	**4,083,750,000**	4,083,750,000
Revenue reserves			
General reserve		**4,000,000,000**	4,000,000,000
Unappropriated profit		**12,385,423,995**	15,793,296,784
Fair value reserve	15	**-**	(43,327,588)
TOTAL EQUITY		**20,469,173,995**	23,833,719,196
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred taxation - net	16	**531,156,028**	132,728,896
Lease liability against right of use assets	17	**-**	-
		531,156,028	132,728,896
CURRENT LIABILITIES			
Other payables	18	**204,693,870**	51,376,407
Short term borrowings	19	**2,314,280,474**	1,990,793,918
Current portion of lease liability	17	**-**	5,762,209
Taxation - net	20	**272,552,007**	30,232,789
Unclaimed dividend		**22,201,377**	19,206,426
		2,813,727,728	2,097,371,749
TOTAL LIABILITIES		**3,344,883,756**	2,230,100,645
Contingencies and commitments	21		
TOTAL EQUITY AND LIABILITIES		**23,814,057,751**	26,063,819,841

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 PROFIT OR LOSS

For the year ended 30th June 2023

	Note	2023	2022
		(Rupees)	
Dividend income		**2,790,683,580**	1,718,481,260
Other revenue	22	**111,676,899**	15,293,971
Gross revenue		**2,902,360,479**	1,733,775,231
Gain on sale of securities - net		**425,694**	637,447,266
Administrative expenses	23	**(166,142,139)**	(120,438,910)
Net finance (cost) / income	24	**(138,075,287)**	7,375,208
		2,598,568,747	2,258,158,795
(Loss) / gain on remeasurement of investments - net	25	**(2,563,875,801)**	1,730,209,182
		34,692,946	3,988,367,977
Other income	26	**3,291,891**	2,567,167
Other charges	27	**(74,956)**	(40,000)
Profit before income tax		**37,909,881**	3,990,895,144
Income tax expense	28	**(1,010,270,425)**	(233,176,293)
(Loss) / profit for the year		**(972,360,544)**	3,757,718,851
(Loss) / earnings per share - basic and diluted	29	**(2.38)**	9.20

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 COMPREHENSIVE INCOME

For the year ended 30th June 2023

	2023	2022
	(Rupees)	
(Loss) / profit for the year	**(972,360,544)**	3,757,718,851
Other comprehensive income		
Items that will not be reclassified to statement of profit or loss		
Investment in associate at fair value through other comprehensive income - net change in fair value	**(758,684,657)**	(68,995,515)
Related deferred tax for the year	**-**	5,582,774
Other comprehensive loss for the year - net of tax	**(758,684,657)**	(63,412,741)
Total comprehensive (loss) / income for the year	**(1,731,045,201)**	3,694,306,110

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 CHANGES IN EQUITY

For the year ended 30th June 2023

		Reserves				Total
		Revenue Reserves			Sub total	
	Issued, subscribed and paid up share capital	General reserve	Unappropriated profit	Fair value reserve *		
	(Rupees)					
Balance as at July 1, 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
Total comprehensive income for the year ended June 30, 2023						
Loss for the year	**-**	**-**	**(972,360,544)**	**-**	**(972,360,544)**	**(972,360,544)**
Other comprehensive loss for the year	**-**	**-**	**-**	**(758,684,657)**	**(758,684,657)**	**(758,684,657)**
	-	**-**	**(972,360,544)**	**(758,684,657)**	**(1,731,045,201)**	**(1,731,045,201)**
Loss realized on disposal of investment in equity instruments at FVOCI	**-**	**-**	**(802,012,245)**	**802,012,245**	**-**	**-**
Transactions with owners of the Company recorded directly in equity - distributions						
Final cash dividend at the rate of Rs. 4 per share for the year ended June 30, 2022	**-**	**-**	**(1,633,500,000)**	**-**	**(1,633,500,000)**	**(1,633,500,000)**
Balance as at June 30, 2023	**4,083,750,000**	**4,000,000,000**	**12,385,423,995**	**-**	**16,385,423,995**	**20,469,173,995**

* 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 40 form an integral part of these unconsolidated financial statements.

Chief Executive Officer	Director	Chief Financial Officer

STATEMENT OF UNCONSOLIDATED OF CASH FLOWS

For the year ended 30th June 2023

	Note	2023	2022
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash used in operations	31	(136,811,705)	(1,524,734,897)
Income tax paid		(369,524,075)	(263,294,787)
Interest received		253,023,479	43,611,753
Finance cost paid		(375,316,845)	(29,853,729)
Net cash used in operating activities		(628,629,146)	(1,774,271,660)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(4,613,526)	(3,507,799)
Dividend received		2,790,683,580	1,718,481,260
Proceeds from sale of property and equipment		166,188	44,497
Acquisition of long term investments		(1,493,745,982)	-
Proceeds from disposal of long term investments		649,275,085	161,910,000
Long term deposits and other receivable		(792,800)	(2,122,850)
Net cash generated from investing activities		1,940,972,545	1,874,805,108
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,633,500,000)	(1,225,125,000)
Payment of lease liability		(6,308,220)	(20,472,191)
Net cash used in financing activities		(1,639,808,220)	(1,245,597,191)
Net decrease in cash and cash equivalents		(327,464,821)	(1,145,063,743)
Cash and cash equivalents at beginning of the year		(1,949,759,127)	(806,554,957)
Effect of exchange rate fluctuations on cash held		3,291,891	1,859,573
Cash and cash equivalents at end of the year	32	(2,273,932,057)	(1,949,759,127)

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 30th June 2023

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. 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 losses, 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 in subsidiaries and associates and its underlying shareholding in respective subsidiaries and associate:

Name of Companies	Shareholding
Subsidiaries	
- Arif Habib Limited, a brokerage house	72.92%
- Sachal Energy Development (Private) Limited, a wind power generation company	85.83%
- Black Gold Power Limited, a coal power generation company	100.00%
Associate	
- 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 30th June 2023

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 Pakistan 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 and 28)
- Fair value and classification of investments (note 3.7 and 6)
- Impairment of non-financial assets (note 3.8)
- Provisions (note 3.15)

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, 2022. 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, 2023. 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 30th June 2023

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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.

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 itis 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.

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

3.7.1.10 Signifact increase in credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward looking information.

The following indicators are considered while assessing credit risk

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

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.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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 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.

3.10 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.

3.11 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.

3.12 General reserve

General reserve is maintained for fulfilling various business needs including meeting contingencies, offsetting future losses, enhancing the working capital and paying dividends.

3.13 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

3.14 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.

3.15 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.

3.16 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.

3.17 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).

3.18 Segment reporting

Segment results are reported to the Company's Chief Executive Officer (CEO), the chief operating decision maker, it includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

4. PROPERTY AND EQUIPMENTS

	Note	2023	2022
		(Rupees)	
Operating assets	4.1	**25,912,136**	27,106,148
Right-of-use assets	4.2	**-**	10,324,289
		25,912,136	37,430,437

4.1 Operating assets

	Leasehold improvements	Furniture and office equipment	Computer and allied equipment	Vehicles	Total
	(Rupees)				
Net carrying value basis					
For the year ended June 30, 2023					
Opening net book value	**8,768,789**	**749,944**	**2,706,832**	**14,880,583**	**27,106,148**
Additions	**3,236,640**	**90,233**	**1,286,653**	**-**	**4,613,526**
Disposals					
Cost	**-**	**(96,165)**	**(209,974)**	**(63,500)**	**(369,639)**
Accumulated depreciation	**-**	**55,160**	**86,787**	**45,799**	**187,746**
	-	**(41,005)**	**(123,187)**	**(17,701)**	**(181,893)**
Depreciation charge - note 4.4	**(1,436,694)**	**(131,094)**	**(1,082,448)**	**(2,975,409)**	**(5,625,645)**
Closing net book value	**10,568,735**	**668,078**	**2,787,850**	**11,887,473**	**25,912,136**
Gross carrying value basis					
For the year ended June 30, 2023					
Cost	**70,987,112**	**1,609,377**	**8,908,009**	**45,901,841**	**127,406,339**
Accumulated depreciation	**(60,418,377)**	**(941,299)**	**(6,120,159)**	**(34,014,368)**	**(101,494,203)**
Net book value	**10,568,735**	**668,078**	**2,787,850**	**11,887,473**	**25,912,136**
Net carrying value basis					
For the year ended June 30, 2022					
Opening net book value	10,316,223	453,696	1,213,457	18,083,225	30,066,601
Additions	-	411,300	2,604,699	491,800	3,507,799
Disposals					
Cost	-	(20,378)	(30,000)	-	(50,378)
Accumulated depreciation	-	4,342	13,103	-	17,445
	-	(16,036)	(16,897)	-	(32,933)
Depreciation charge - note 4.4	(1,547,434)	(99,016)	(1,094,427)	(3,694,442)	(6,435,319)
Closing net book value	8,768,789	749,944	2,706,832	14,880,583	27,106,148
Gross carrying value basis					
For the year ended June 30, 2022					
Cost	67,750,472	1,615,309	7,984,335	45,965,341	123,315,457
Accumulated depreciation	(58,981,683)	(865,365)	(5,277,503)	(31,084,758)	(96,209,309)
Net book value	8,768,789	749,944	2,706,832	14,880,583	27,106,148
Depreciation rates					
(% per annum)	**15**	**15**	**33**	**20**	

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

4.2 Right-of-use asset	Note	2023 (Rupees)	2022
Cost			
Balance as at July 1		**48,883,456**	56,623,575
Effect of lease modification		**-**	(7,740,119)
Balance as at June 30		**48,883,456**	48,883,456
Depreciation			
Balance as at July 1		**(38,559,167)**	(25,654,839)
Charge for the year	4.4	**(10,324,289)**	(12,904,328)
Balance as at June 30		**(48,883,456)**	(38,559,167)
Written down value as at June 30		**-**	10,324,289

4.3 The right-of-use asset comprise of the company's registered office situated at 2nd floor, Arif Habib Centre 23, M.T Khan Road, Karachi.

4.4 Depreciation has been allocated to administrative expenses (note 23) amounting to Rs. 15.95 million (2022: Rs.19.34 million).

5. INTANGIBLE ASSETS	Note	2023 (Rupees)	2022
Computer softwares acquired			
Net carrying value basis			
Opening net book value		**451,355**	606,095
Amortisation charge	5.2	**(154,740)**	(154,740)
Closing net book value		**296,615**	451,355
Gross carrying value basis			
Cost		**618,990**	618,990
Accumulated amortisation		**(322,375)**	(167,635)
Net book value		**296,615**	451,355
Annual amortisation rate		**25%**	25%

5.1 Intangible assets comprise of windows license and computer software.

5.2 Amortisation has been allocated to administrative expenses (note 23) amounting to Rs. 0.15 million (2022: Rs. 0.15 million).

6. LONG TERM INVESTMENTS	Note	2023 (Rupees)	2022
Subsidiaries - at cost (net of impairment)	6.1	**4,937,599,953**	4,704,260,592
Associates - designated at fair value through profit and loss	6.2	**9,509,396,141**	12,530,486,628
Associate - designated at fair value through other comprehensive income	6.3	**-**	1,350,000,000
Debt instrument - at amortised cost	6.4	**686,714,948**	-
Debt instrument - at fair value through profit or loss	6.5	**2,748,234,161**	600,000,000
Other equity securities - designated at fair value through other comprehensive income	6.6	**-**	-
		17,881,945,203	19,184,747,220

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

6.1 Subsidiaries - at cost (net of impairment)	Note	2023	2022
		(Rupees)	
Quoted entity			
Arif Habib Limited (AHL) 47,648,522 (2022: 41,170,472) fully paid ordinary shares of Rs. 10 each	6.1.1	**2,191,134,893**	1,957,795,532
Unquoted entities			
Sachal Energy Development (Private) Limited (SEDPL) 274,646,506 (2022: 274,646,506) fully paid ordinary shares of Rs. 10 each	6.1.2	**2,746,465,060**	2,746,465,060
Black Gold Power Limited (BGPL) 5,000,000 (2022: 5,000,000) fully paid ordinary shares of Rs. 10 each	6.1.3	**50,000,000**	50,000,000
Impairment recognised	6.1.4	**(50,000,000)**	(50,000,000)
		-	-
		4,937,599,953	4,704,260,592

6.1.1 Investment in AHL represents 72.92% (2022: 63.01%) of AHL's paid up share capital as at June 30, 2023. During the year, the Company purchased 6,478,050 ordinary shares of AHL, the Company's shareholding in AHL has increased from 63.01% to 72.92%. These includes 46,305,000 shares (2022: 40,700,000 shares) having market value of Rs. 1,235.41 million (2022: 1,806.67 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% (2022: 85.83%) of SEDPL's paid up share capital as at June 30, 2023. The entire shareholding in SEDPL has been pledged in favor 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% (2022: 100%) of BGPL's paid up share capital as at June 30, 2023. 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, 2023.

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 on remeasurement of investments	Carring amount (at fair value) 2023	2022
		(Rupees)			
Quoted Entities					
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	6.2.1	-	-	-	472,278,841
Fatima Fertilizer Company Limited (FFCL) 319,000,206 (2022: 319,000,206) fully paid ordinary shares of Rs. 10 each	6.2.2	3,512,782,225	5,996,613,916	9,509,396,141	12,058,207,787
		3,512,782,225	5,996,613,916	9,509,396,141	12,530,486,628

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

6.2.1 During the year, the Company has disposed its entire shareholding of 21,664,167 shares (30.09%) in MCB-Arif Habib Savings and Investments Limited (MCB-AH), an associated company, at a price of Rs. 30 per share to MCB Bank Limited.

6.2.2 Investment in FFCL represents 15.19% (2022: 15.19%) of FFCL's paid up share capital as at June 30, 2023. These include 169,650,000 shares (2022: 120,300,000 shares) having market value of Rs. 5,057.27 million (2022: Rs. 4,547.34 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, 2023 is Rs. 29.81 (2022: Rs. 37.80). 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'.

6.3 Associates - designated at fair value through other comprehensive income

	Note	Cost	Diminution on remeasurement of investments	Carring amount 2023	Carring amount 2022
		(Rupees)			
Unquoted entity					
Pakarab Fertilizers Limited (PFL)	6.3.1	-	-	-	1,350,000,000
		-	-	-	1,350,000,000

6.3.1 During the year, the shareholders of Pakarab Fertilizers Limited (PFL) and Fatima Fertilizer Company Limited (FFCL) have entered into the Scheme of Arrangement for Amalgamation / Merger of PFL with and into FFCL (the "Scheme"), with effect from 01 July 2022. The Scheme has been duly sanctioned by the High Court of Lahore vide its order dated 27 June 2023. As a result, all the business, assets, and liabilities of PFL have been successfully transferred and vested in FFCL, leading to the dissolution of PFL without any winding up procedures.

As an integral component of this amalgamation scheme, FFCL has undertaken the issuance of non-voting redeemable Class A shares, in consideration for the company's previous investment in 135,000,000 ordinary shares of PFL. These Class A shares bear a face value of Rs.10 each and hold a redemption date of 31 December 2027. Consequently, the Company has appropriately derecognised its prior investment in PFL's ordinary shares and recognised an investment in the newly issued redeemable class A shares.

In accordance with the terms approved for the class A shares, the redemption value will be determined based on the lower of (i) value as determined by FFCL's Board of Directors with unanimous vote; (ii) aggregate face value of entire set of class A shares; or (iii) the amount computable according to the formula defined in the Scheme. In the best case scenario, the management believes that the shares will be redeemed at Rs. 10 per share at the redemption date.

To arrive at the initial recognition value on the date of commencement, which is 01 July 2022, the valuation of the redeemable class A shares has been appraised by applying a discounting mechanism to the cumulative face value of these shares over a 5.5-year timeframe, utilizing an effective interest rate of 16.18%. Consequent to this valuation exercise, a loss of PKR 758.68 million has been acknowledged in connection with the derecognition of the ordinary shares.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

6.4 Debt instrument - at amortised cost

	Note	Fair value at initial recognition	Unwinding of interest income	Carring amount 2023	Carring amount 2022
		---- (Rupees) ----			
Unquoted entity					
Fatima Fertilizer Company Limited (FFCL) -redeemable class A shares	6.3.1	**591,315,343**	**95,399,605**	**686,714,948**	-
		591,315,343	**95,399,605**	**686,714,948**	-

6.5 Debt instrument - at fair value through profit or loss

	Note	Cost	Appreciation on remeasurement of investments	Carring amount (at fair value) 2023	Carring amount (at fair value) 2022
		---- (Rupees) ----			
Quoted entity					
Globe Residency REIT (GRR) 77,255,802 (2022: Nil) Units of Rs. 10 each	6.5.1	**774,656,621**	**286,065,540**	**1,060,722,161**	-
Unquoted entities					
Silk Islamic Development REIT (SIDR) 60,000,000 (2022: 60,000,000) Units of Rs. 10 each	6.5.2	**600,000,000**	**341,400,000**	**941,400,000**	600,000,000
Naya Nazimabad Apartment REIT (NNR) 48,575,000 (2022: Nil) Units of Rs. 10 each	6.5.3	**485,750,000**	**260,362,000**	**746,112,000**	-
		1,860,406,621	**887,827,540**	**2,748,234,161**	600,000,000

6.5.1 This represents 77.26 million units held in a listed, closed-end, limited life, developmental REIT scheme which constitutes 55.18% of the total 140 million units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Company Limited - a related party and Central Depositary Company of Pakistan Limited is its trustee. The market value per share as at 30 June 2023 is Rs. 13.73.

6.5.2 This represents 60 million units held in a privately placed, closed-end, limited life, shariah compliant, developmental 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 and Central Depositary Company of Pakistan Limited is its trustee. For details regarding assumptions used in valuation of SIDR refer to note 35.2.1. The company being strategic investor of SIDR has 25% of its subscribed units in an account marked as ‘blocked’ with the Central Depository Company as required by the Real Estate Investment Trust Regulations, 2022.

The investment in SIDR, previously classified as equity instrument at fair value through other comprehensive income, has been reassessed during the year that SIDR is a developmental REIT scheme having a limited life and will be wound up at the end of the project which is therefore reclassified as debt instrument at fair value through profit or loss. There is no impact on profit or loss or cashflow due to the change.

6.5.3 This represents 48.58 million units held in a privately placed, closed-end, limited life, shariah compliant, developmental REIT scheme which constitutes 16.54% of the total 293.75 million units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Company Limited - a related party and Central Depositary Company of Pakistan Limited as its trustee. For details regarding assumptions used in valuation of NNR refer to note 35.2.1.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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

	Note	Cost	Appreciation / Diminution on remeasurement of investments	Carring amount 2023	2022
		---- (Rupees) ----			
Un-Quoted Entities					
Sun Biz (Private) Limited (SBL) 10,000 (2022: 10,000) fully paid ordinary shares of Rs. 100 each	6.6.1	-	-	-	-
Al-Khabeer Financial Services (Private) Limited (AKFS) 5000 (2022: 5000) fully paid ordinary shares of Rs. 100 each	6.6.1	-	-	-	-
		-	-	-	-

6.6.1 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.

6.7 Fair value of long term investments pledged with banking companies against various facilities of the Company amounts to Rs. 4,361 million (2022: Rs. 6,354 million).

7. LONG TERM LOAN TO A RELATED PARTY

	Note	2023	2022
		(Rupees)	
At amortised cost			
Secured - Considered good			
Aisha Steel Mills Limited, a related company		**106,537,149**	134,970,641
Less: Current portion of long term loan	9	**(28,433,492)**	(28,433,492)
		78,103,657	106,537,149

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 (2022: 6-months KIBOR plus 3.25% per annum). The rate of mark-up on the loan during the year ranged between 18.60% to 20.29% (2022: 10.94% to 14.71%) 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.120.75 million (2022: Rs.149.19 million).

8. LONG TERM DEPOSITS AND OTHER RECEIVABLE

	Note	2023	2022
		(Rupees)	
Security deposits - unsecured			
- with Central Depository Company of Pakistan Limited		**204,090**	104,090
- with telecommunication companies		**50,500**	40,500
- for fuel cards		**95,000**	95,000
		349,590	239,590
Other receivable - secured			
Receivable from employees against leased vehicles	8.1	**5,530,788**	4,847,988
		5,880,378	5,087,578

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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	2023	2022
		(Rupees)	
At Amortised cost			
Unsecured			
Loans to related parties			
- Black Gold Power Limited	9.1 & 9.5	**5,700,000**	5,500,000
- Javedan Corporation Limited	9.2 & 9.5	**614,250,000**	-
- Safe Mix Concrete Limited		**-**	18,118,274
- Pakarab Fertilizers Limited	9.3 & 9.5	**-**	813,153,536
- Fatima Fertilizer Company Limited	9.3 & 9.5	**813,153,536**	-
Advance for investment in Pakistan Corporate CBD REIT	9.4 & 9.5	**279,026,250**	279,026,250
Advance for purchase of immovable property		**40,598,980**	-
Secured			
- Current portion of long term loan to Aisha Steel Mills Limited (ASML)	7	**28,433,492**	28,433,492
- Advance against salaries to employees	9.6	**701,265**	1,407,348
		1,781,863,523	1,145,638,900

9.1 The Company entered into a 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 Javedan Corporation Limited, a related party. 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 year ranged between 19% to 23.88% per annum (2022: nil).

9.3 As part of the amalgamation scheme (refer note 6.3.1), loan receivable from Pakarab Fertilizers Limited has been transferred to Fatima Fertilizer Company Limited. This 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 17.12% to 23.88% per annum (2022: 13.73% to 13.69%).

9.4 This represents advance paid for equity investment in a shariah compliant development REIT scheme (Scheme). The Scheme is managed by Arif Habib Dolmen REIT Management Company Limited (RMC) - a related party. The Scheme is in the process of acquiring two immovable properties from the Lahore Central Business District Development Authority against the agreed consideration payable as per the payment plan.

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. 2,957.85 million (2022: Rs. 1,855.07 million).

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

10. MARK-UP RECEIVABLE

	Note	2023 (Rupees)	2022 (Rupees)
Considered good			
From related parties:			
- Aisha Steel Mills Limited	7.1	**71,242,617**	9,948,630
- Power Cement Limited		**-**	16,179,794
- Pakarab Fertilizers Limited	9.3	**-**	28,365,692
- Fatima Fertilizer Company Limited	9.3	**86,227,246**	-
- Javedan Corporation Limited		**28,618,381**	-
- Safe Mix Concrete Limited		**-**	2,161,125
		186,088,244	56,655,241

10.1 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. 186.09 million (2022: Rs. 56.66 million).

11. PREPAYMENTS AND OTHER RECEIVABLES

	Note	2023 (Rupees)	2022 (Rupees)
Guarantee commission receivable	11.1	**4,650,422**	3,989,441
Sales tax receivable		**2,816,342**	-
Prepayments		**1,085,484**	2,192,469
Others		**1,945,000**	1,720,000
		10,497,248	7,901,910

11.1 Guarantee commission receivable

	2023 (Rupees)	2022 (Rupees)
Aisha Steel Mills Limited	**367,944**	325,614
Sachal Energy Development (Private) Limited	**3,401,568**	2,547,645
Power Cement Limited	**239,470**	211,920
Arif Habib Limited	**641,440**	904,262
	4,650,422	3,989,441

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. 4.65 million (2022: Rs. 3.99 million).

12. SHORT TERM INVESTMENTS

Details of the investments are as follows:

	Note	2023 (Rupees)	2022 (Rupees)
Equity securities at fair value through profit or loss			
Investment in ordinary shares of related parties		**2,343,840,809**	2,639,628,987
Investment in preference shares of related parties		**703,543,481**	605,168,208
Investment in ordinary shares of other companies		**755,738,040**	2,202,540,080
		3,803,122,330	5,447,337,275
Equity securities at fair value through other comprehensive income			
Investment in ordinary shares of related parties	12.1	**-**	30,997,985
		3,803,122,330	5,478,335,260

12.1 During the year, the Company sold its entire shareholding in National Resources (Private) Limited (NRPL) to other NRPL's sponsors as per the share purchase agreement at a total consideration of 30.998 million (Rs. 3.10 per share).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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

	2023 (Rupees)	2022
Cost of investment	**3,997,123,142**	4,733,030,351
Unrealised gain / (loss) - net		
Balance as at July 1	**714,306,924**	1,547,170,310
Unrealised (loss) / gain for the year - net	**(908,307,736)**	(832,863,386)
	(194,000,812)	714,306,924
Balance as at June 30	**3,803,122,330**	5,447,337,275

12.3 Fair value of short term investments pledged with commercial banks against various financing facilities availed by the Company amounts to Rs. 1,426.65 million (2022: Rs. 1,103 million).

13. CASH AND BANK BALANCES

	Note	2023 (Rupees)	2022
With banks in:			
Current accounts			
- In local currency		**24,299,364**	28,164,512
- In foreign currency		**11,474,201**	8,185,591
		35,773,565	36,350,103
Saving accounts	13.1	**4,541,326**	4,596,522
		40,314,891	40,946,625
Cash in hand (in local and foreign currency)		**33,526**	88,166
		40,348,417	41,034,791

13.1 Mark-up on saving accounts carries interest rates ranging between 12.25% to 19.51% (2022: 6% to 12.25%) per annum.

14. SHARE CAPITAL

14.1 Authorised share capital

2023 (Number of shares)	2022		Note	2023 (Rupees)	2022
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

2023	2022		Note	2023 (Rupees)	2022
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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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.

14.2.4 As at June 30, 2023, Mr. Arif Habib (Chief Executive of the Company) held 80.54% (2022: 80.54%) of ordinary shares in the Company.

15. FAIR VALUE RESERVE

	2023	2022
	(Rupees)	
National Resources (Private) Limited	**-**	(68,995,515)
Pakarab Fertilizers Limited	**-**	25,667,927
	-	(43,327,588)

16. DEFERRED TAXATION - NET

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

	Note	**2023**	2022
		(Rupees)	
Taxable temporary differences			
- Unrealised gain on investment in equity securities at fair value		**531,156,028**	132,728,896
Deductible temporary differences			
- Impairment loss on long term investment - unquoted		**(20,280,000)**	(17,160,000)
- Unrealised loss on investment in securities at fair value through other comprehensive income and through profit or loss - unquoted		**(13,983,499)**	(14,298,104)
- Lease liability against right of use assets- net		**-**	(729,353)
- Accelerated tax depreciation and amortization		**(11,507,333)**	(1,043,161)
		485,385,196	99,498,278
Unused tax losses		**(265,845,947)**	(194,434,135)
		219,539,249	(94,935,857
Deferred tax asset not recognised	16.1	**311,616,779**	227,664,753
Deferred tax liability		**531,156,028**	132,728,896

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For the year ended 30th June 2023

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.

17. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

	2023	2022
	(Rupees)	
Balance at beginning of the year	**5,762,209**	32,723,428
Effect of lease modification	**-**	(8,436,150)
Interest accrued	**546,011**	1,947,122
Lease rental paid	**(6,308,220)**	(20,472,191)
Balance at the end of the year	**-**	5,762,209
Current portion	**-**	5,762,209
Non-current portion	**-**	-
	-	5,762,209

17.1 Lease liability is payable as follows:

	2023		
	Less than one year	**Between one and two years**	**Total**
	(Rupees)		
Future minimum lease payments	-	-	-
Less: Interest relating to the future periods	-	-	-
Present value of minimum lease payment	-	-	-

	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

18. OTHER PAYABLES

	Note	2023	2022
		(Rupees)	
Mark-up due on short term borrowings		**190,816,094**	46,221,985
Other accrued expenses	18.1 & 18.2	**13,877,776**	5,154,422
		204,693,870	51,376,407

18.1 This includes Rs. 2.47 million (2022: Rs. 0.041 million) payable to Arif Habib Limited, a subsidiary company on account of CDC charges and purchase of securities.

18.2 This includes Rs. 1.02 million (2022: Rs. 1.09 million) payable to Rotocast Engineering Company (Private) Limited, a related party on account of monthly expense contribution of utilities and maintenance charges.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

19. SHORT TERM BORROWINGS - Secured

Running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 6,200 million (2022: Rs. 2,950 million). These facilities have various maturity dates up to 28 February, 2026 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 3-month KIBOR plus 0.7% to 3-month KIBOR plus 1.75% per annum (2022: 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. 3,886 million (2022: Rs. 959 million).

The fair value of the Company's investments in listed shares pledged as collateral against short term borrowings amount to Rs. 5,787.64 million (2022: Rs. 7,457 million) at the year-end.

20. TAXATION - NET

	2023	2022
	(Rupees)	
Balance at the beginning of the year	30,232,789	(42,300,846)
Provision for income tax	611,843,293	335,828,421
Tax payments / adjustments made during the year	(369,524,075)	(263,294,786)
Balance at the end of the year	272,552,007	30,232,789

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 reopened and the Honourable High Court of Sindh, Karachi has fixed the hearing on October 18, 2023.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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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 40 million (2022: 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 (2022: Rs. 677.45 million) and Rs. 625 million (2022: 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. 730.3 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 (2022: Rs. 847.68 million) issued to secure payment obligations of PCL.

21.1.6 The Company has pledged 115.4 million shares of Fatima Fertilizer Company Limited valued at Rs. 3,440 million 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. 2.62 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 (2022: 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.

22. OTHER REVENUE	Note	2023	2022
		(Rupees)	
Unwinding of interest on debt instrument	22.1	**95,399,605**	-
Guarantee commission income	22.2	**16,277,294**	15,293,971
		111,676,899	15,293,971

22.1 This pertains to notional income that emerges from the unwinding of interest income on a debt investment. This unwinding is determined by discounting the interest income to its present value at the point of initial recognition.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

23. ADMINISTRATIVE EXPENSES

	Note	2023 (Rupees)	2022
Salaries and benefits	23.1	**69,466,736**	57,709,780
Commission	23.3	**21,664,167**	-
Depreciation	4	**15,949,934**	19,339,647
Travelling and conveyance		**8,977,229**	6,192,114
Repairs and maintenance		**7,487,714**	7,843,363
Electricity		**5,201,200**	3,649,914
Legal and professional charges		**4,987,196**	2,123,024
Printing and stationery		**4,871,296**	3,216,565
Fees and subscription		**4,706,188**	3,672,028
Advertisement and business promotion		**4,692,359**	2,365,553
Auditor's remuneration	23.2	**3,746,621**	2,863,296
Insurance		**3,588,143**	2,945,470
Rent, rates and taxes		**3,118,179**	2,301,607
Others		**2,463,483**	1,546,928
Custody and settlement charges		**2,141,393**	1,997,708
Communication		**1,168,890**	1,273,594
Entertainment		**906,671**	543,579
Directors' meeting fees		**850,000**	700,000
Amortisation of intangible assets	5	**154,740**	154,740
		166,142,139	120,438,910

23.1 Salaries and benefits include Rs. 3.39 million (2022: Rs. 2.89 million) in respect of provident fund contribution. All investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

23.2 Auditor's remuneration

	2023 (Rupees)	2022
Audit fee	**1,700,000**	1,402,000
Interim review	**480,000**	400,000
Other services (certifications)	**1,073,307**	680,000
Out of pocket expense	**215,786**	169,200
Sales tax	**277,528**	212,096
	3,746,621	2,863,296

23.3 This represents commission paid to Mr. Nasim Beg, a non-executive director of the Company, for finding a buyer to sell the Company's entire shareholding in MCB-Arif Habib Savings and Investments Limited.

24. NET FINANCE COST

	2023 (Rupees)	2022
Mark-up income on loans to associates	**380,499,908**	79,493,699
Mark-up income on bank deposits	**1,956,574**	5,014,076
Finance income	**382,456,482**	84,507,775
Mark-up on short term borrowings	**519,910,954**	75,121,416
Interest expense on lease liabilities against right-of-use assets	**546,011**	1,947,122
Bank charges	**74,804**	64,029
Finance costs	**520,531,769**	77,132,567
Net finance (costs) / income	**(138,075,287)**	7,375,208

24.1 Mark-up income on loans to associates has been reclassified from other revenue to net finance cost for better presentation.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

		Note	2023	2022
25.	**(LOSS) / GAIN ON REMEASUREMENT OF INVESTMENTS - NET**		**(Rupees)**	
	Long term investments		**(1,655,568,065)**	2,563,072,568
	Short term investments	12.2	**(908,307,736)**	(832,863,386)
			(2,563,875,801)	1,730,209,182
26.	**OTHER INCOME**			
	Financial assets			
	Gain on foreign currency translation		**3,291,891**	1,859,573
	Non financial assets			
	Gain on disposal of fixed assets		**-**	11,564
	Gain on modification of lease		**-**	696,030
			3,291,891	2,567,167
27.	**OTHER CHARGES**			
	Donations	27.1	**59,250**	40,000
	Loss on disposal of fixed assets		**15,706**	-
			74,956	40,000

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

		2023	2022
28.	**INCOME TAX EXPENSE**	**(Rupees)**	
	Current		
	- for the year	**611,774,132**	336,993,384
	- for prior years	**69,161**	(1,164,963)
		611,843,293	335,828,421
	Deferred	**398,427,132**	(102,652,128)
		1,010,270,425	233,176,293

28.1 The provision for current year tax represents tax on taxable income under final tax regime as per the applicable rate, minimum tax per annum under normal tax regime and super tax at the applicable rate as levied under Finance Act, 2023. 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 the management, the tax provision made in these 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

28.3 Further, the deemed assessments for the tax years 2016 to 2020 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 aforementioned tax years, the Company and AdCIR are contesting the case in Appellate Tribunal Inland Revenue.

28.4 Relationship between tax expense and accounting profit

	2023	2022
	(Rupees)	
Profit before income tax	**37,909,881**	3,990,895,144
Tax at the applicable tax rate of 29% (2022: 29%)	**10,993,865**	1,157,359,592
Tax effect of:		
Income subject to final tax regime	**(462,074,671)**	(240,587,376)
Income taxed as separate block of income	**(123,451)**	(205,881,385)
Prior year	**69,162**	(1,164,963)
Non-deductible expenses	**199,152,616**	57,323,103
Minimum tax at 1.25% (2022: 1.25%)	**(110,648,623)**	(2,567,162)
Exempt income	**670,757,108**	(502,505,142)
Super tax	**303,717,289**	73,851,753
Change in tax rate	**239,056,277**	-
Others	**159,370,853**	(102,652,127)
	1,010,270,425	233,176,293

29. (LOSS) / 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, 2023.

	2023	2022
	(Rupees)	
(Loss) / profit for the year	**(972,360,544)**	3,757,718,851
	(Number)	
Weighted average number of ordinary shares	**408,375,000**	408,375,000
	(Rupees)	
(Loss) / earnings per share - basic and diluted	**(2.38)**	9.20

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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:

	Chief Executive		Directors		Executive employees	
	2023	2022	**2023**	2022	**2023**	2022
	(Rupees)					
Managerial remuneration	**12,000,000**	12,000,000	**-**	-	**24,479,388**	19,663,924
Contribution to provident fund	**967,740**	967,740	**-**	-	**1,587,692**	1,221,426
Bonus	**2,000,000**	2,000,000	**-**	-	**3,419,898**	2,607,616
Other perquisites and benefits	**600,000**	600,000	**21,664,167***	-	**6,135,690**	3,557,454
Directors' Meeting fee	**-**	-	**675,000**	700,000	**-**	-
Total	**15,567,740**	15,567,740	**22,339,167**	700,000	**35,622,668**	27,050,420
Number of person(s)	**1**	1	**7****	7**	**7**	8

*This represents commission paid to Nasim Beg, a non-executive director as disclosed in note 23.3

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

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. 11.23 million (2022: Rs. 14.13 million).

31. NET CASH USED IN OPERATIONS

	Note	2023	2022
		(Rupees)	
Profit before income tax		**37,909,881**	3,990,895,144
Adjustments for:			
Depreciation	4	**15,949,934**	19,339,647
Amortisation	5	**154,740**	154,740
Dividend income		**(2,790,683,580)**	(1,718,481,260)
Loss / (gain) on remeasurement of long term investments	25	**1,655,568,065**	(2,563,072,568)
Loss on remeasurement of short term investments	25	**908,307,736**	832,863,386
Capital (gain) / loss on sale of long term investment		**(171,655,008)**	37,814,240
Net finance cost / (income)	24	**138,075,287**	(7,375,208)
Unwinding of interest income on debt instrument	22	**(95,399,605)**	-
Exchange gain	26	**(3,291,891)**	(1,859,573)
Gain on modification of lease		**-**	(696,030)
Loss / (gain) on disposal of assets	27	**15,706**	(11,564)
		(342,958,616)	(3,401,324,190)
		(305,048,735)	589,570,954
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets			
Loans and advances		**(607,791,131)**	(1,082,370,917)
Prepayments, commission and other receivables		**(2,595,338)**	7,746,157
Short term investments		**766,905,194**	(1,041,832,349)
		156,518,725	(2,116,457,109)
Increase / (decrease) in current liabilities			
Unclaimed dividend		**2,994,951**	1,867,829
Other payables		**8,723,354**	283,429
		11,718,305	2,151,258
Net cash used in operations		**(136,811,705)**	(1,524,734,897)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

32. CASH AND CASH EQUIVALENTS

	Note	2023	2022
		(Rupees)	
Cash and bank balances	13	**40,348,417**	41,034,791
Short term borrowings	19	**(2,314,280,474)**	(1,990,793,918)
		(2,273,932,057)	(1,949,759,127)

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, 2023 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

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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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:

	2023	2022
	(Rupees)	
Debt instrument - at amortised cost	**686,714,948**	-
Debt instrument - at fair value through profit or loss	**2,748,234,161**	600,000,000
Long term deposits	**349,590**	239,590
Loan to related parties (short term and long term)	**1,539,640,685**	971,742,451
Guarantee commission receivable	**4,650,422**	3,989,441
Mark-up receivable	**186,088,244**	56,655,241
Other receivable	**5,530,788**	4,847,988
Bank balances	**40,314,891**	40,946,625
	5,211,523,729	1,678,421,336

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.

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:

	2023	2022
	(Rupees)	
Not past due	**1,730,379,351**	1,032,387,133

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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	AA-	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:

	2023	2022
	(Rupees)	
Fertilizer company	**1,586,095,730**	841,519,228
Real estate management company	**642,868,381**	-
Real estate investment trust (REIT)	**2,748,234,161**	600,000,000
Steel manufacturing company	**178,147,710**	145,244,885
Banks	**40,314,891**	40,946,625
Mining companies	**5,700,000**	5,500,000
Employees	**5,530,788**	4,847,988
Power generation company	**3,401,568**	2,547,645
Brokerage house	**641,440**	904,262
Utility companies and CDC	**349,590**	239,590
Cement manufacturing company	**239,470**	36,671,113
	5,211,523,729	1,678,421,336

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.

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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.

	2023			
	Carrying amount	**Contractual cash flows**	**Up to one year**	**More than one year**
	(Rupees)			
Financial liabilities - Non derivative				
Other payables	**13,877,776**	**13,877,776**	**13,877,776**	**-**
Unclaimed dividend	**22,201,377**	**22,201,377**	**22,201,377**	**-**
Short term borrowings (including mark-up due)	**2,505,096,568**	**2,505,096,568**	**2,505,096,568**	**-**
Lease liability against right of use assets	**-**	**-**	**-**	**-**
	2,541,175,721	**2,541,175,721**	**2,541,175,721**	**-**

	2022			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	(Rupees)			
Financial liabilities - Non derivative				
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	-
	2,067,138,960	2,067,684,972	2,067,684,972	-

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.

Financial assets	**2023**		2022	
	(Rupees)	**(US Dollars)**	(Rupees)	(US Dollars)
Cash in hand	**11,447**	**40**	8,167	40
Bank balances	**11,474,201**	**40,094**	8,185,591	40,094

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For the year ended 30th June 2023

The following significant exchange rates were applicable during the year:

	2023		
		Reporting date rates	
	Average rate	Buying	Selling
US Dollars to Pakistan Rupee	**247.94**	**286.18**	**286.59**

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

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 2022.

	Effect on profit or loss	
	2023	2022
	(Rupees)	
As at June 30		
Effect in US Dollars	**1,148,455**	819,685

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:

	2023	2022	**2023**	2022
	(Effective interest rate %)		(Rupees)	
Financial assets				
Variable rate financial instruments				
Loans to related parties	**17.12% to 23.88%**	10.94% to 14.71%	**1,533,940,685**	966,242,451
Bank balances	**19.51%**	12.25%	**4,541,326**	4,596,522
Financial liabilities				
Variable rate financial instruments				
Short term borrowings	**15.30% to 23.88%**	12.89% to 15.31%	**2,314,280,474**	1,990,793,918

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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	
As at June 30, 2023		
Cash flow sensitivity - Variable rate financial assets	**15,384,820**	**(15,384,820)**
Cash flow sensitivity - Variable rate financial liabilities	**23,142,805**	**(23,142,805)**
As at June 30, 2022		
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)

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

2023

Particulars	Interest / mark-up bearing: Maturity up to one month	Maturity over one month to three months	Maturity over three months to six months	Maturity over six months to one year	Maturity after one year	Sub total	Non-interest / mark up bearing	Total
	(Rupees)							
On balance sheet financial instruments								
Financial assets								
Investments	-	-	-	-	-	-	21,685,067,533	21,685,067,533
Loans	1,441,620,282	-	-	14,216,746	78,103,657	1,533,940,685	5,700,000	1,539,640,685
Long-term deposits	-	-	-	-	-	-	349,590	349,590
Other receivables	-	4,650,422	-	1,945,000	-	6,595,422	5,530,788	12,126,210
Markup receivable	186,088,244	-	-	-	-	186,088,244	-	186,088,244
Cash and bank balances	4,541,326	-	-	-	-	4,541,326	35,807,091	40,348,417
	1,632,249,852	4,650,422	-	16,161,746	78,103,657	1,731,165,677	21,732,455,002	23,463,620,679
Financial liabilities								
Lease liability against right-of-use assets	-	-	-	-	-	-	-	-
Short-term borrowings	2,314,280,474	-	-	-	-	2,314,280,474	-	2,314,280,474
Unclaimed dividend	-	-	-	-	-	-	22,201,377	22,201,377
Other payables	190,816,094	-	-	-	-	190,816,094	13,877,776	204,693,870
	2,505,096,568	-	-	-	-	2,505,096,568	36,079,153	2,541,175,721
On-balance sheet gap (a) *	(872,846,716)	4,650,422	-	16,161,746	78,103,657	(773,930,891)	21,696,375,849	20,922,444,958
Off-balance sheet gap (b)	-	-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)	(872,846,716)	4,650,422	-	16,161,746	78,103,657	(773,930,891)		
Cumulative interest rate sensitivity gap	(872,846,716)	(868,196,294)	(868,196,294)	(852,034,548)	(773,930,891)	(773,930,891)		

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Particulars	Interest / mark-up bearing: Maturity up to one month	Maturity over one month to three months	Maturity over three months to six months	Maturity over six months to one year	Maturity after one year	Sub total	Non-interest / mark up bearing	Total
	---------- (Rupees) ----------							
On balance sheet financial instruments								
Financial assets								
Investments	-	-	-	-	-	-	24,663,082,480	24,663,082,480
Loans	845,488,556	-	-	14,216,746	106,537,149	966,242,451	5,500,000	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	24,710,108,327	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	-	-	-	-	-	-	19,206,426	19,206,426
Other payables	46,221,985	-	-	-	-	46,221,985	5,154,422	51,376,407
	2,037,015,903	2,883,795	2,878,414	-	-	2,042,778,112	24,360,848	2,067,138,960
On-balance sheet gap (a) *	(1,130,275,584)	1,105,646	(2,878,414)	15,936,746	106,537,149	(1,009,574,457)	24,685,747,479	23,956,606,620
Off-balance sheet gap (b)	-	-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)	(1,130,275,584)	1,105,646	(2,878,414)	15,936,746	106,537,149	(1,009,574,457)		
Cumulative interest rate sensitivity gap	(1,130,275,584)	(1,129,169,938)	(1,132,048,352)	(1,116,111,606)	(1,009,574,457)	(1,009,574,457)		

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

c) Price risk

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

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

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

Sensitivity analysis

The table below summarizes the Company's equity price risk as of June 30, 2023 and 2022 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholder's equity	Hypothetical increase / (decrease) in profit / (loss) before tax
	(Rupees)				
June 30, 2023	**3,803,122,330**	**30% increase**	**4,944,059,029**	**924,158,726**	**1,140,936,699**
		30% decrease	**2,662,185,631**	**(924,158,726)**	**(1,140,936,699)**
June 30, 2022	5,478,335,260	30% increase	7,081,538,458	1,389,071,005	1,634,201,183
		30% decrease	3,813,136,093	(1,389,071,005)	(1,634,201,183)

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 or loss - others	Designated at fair value through profit or loss	Financial assets at amortized cost	Other financial liabilities
	(Rupees)			
June 30, 2023				
Financial assets measured at fair value				
Equity securities	3,803,122,330	9,509,396,141	-	-
Debt securities	2,748,234,161	-	-	-
	6,551,356,491	9,509,396,141	-	-
Financial assets not measured at fair value				
Equity securities	-	-	4,937,599,953	-
Debt securities	-	-	686,714,948	-
Cash and bank balances	-	-	40,348,417	-
Long term loan to a related party	-	-	78,103,657	-
Long term deposits and other receivables	-	-	5,880,378	-
Loans	-	-	1,461,537,028	-
Mark-up receivable	-	-	186,088,244	-
Other receivables	-	-	10,497,248	-
	-	-	7,406,769,873	-
Financial liabilities not measured at fair value				
Other payables	-	-	-	204,693,870
Short term borrowings	-	-	-	2,314,280,474
Unclaimed dividend	-	-	-	22,201,377
	-	-	-	2,541,175,721

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

	Liability		Equity		
	Short term borrowings used for cash management purpose including related accrued markup	Lease liability	Fair value reserve	Unappropriated profit	Total
	(Rupees)				
Balance as at July 1, 2021	1,103,577,379	32,723,428	20,085,153	13,260,702,933	14,417,088,893
Changes from financing cash flows					
Payment of lease liability	-	(20,472,191)	-	-	(20,472,191)
Dividend paid	-	-	-	(1,225,125,000)	(1,225,125,000)
Total changes from financing activities	-	(20,472,191)	-	(1,225,125,000)	(1,245,597,191)
Other changes					
Interest expense	75,121,416	1,947,122	-	-	77,068,538
Interest paid	(29,789,700)	-	-	-	(29,789,700)
Reassessment of lease term	-	(8,436,150)	-	-	(8,436,150)
Changes in short term borrowings	888,106,808	-	-	-	888,106,808
Total loan related other changes	933,438,524	(6,489,028)		-	926,949,496
Total equity related other changes	-	-	(63,412,741)	3,757,718,851	3,694,306,110
Balance as at June 30, 2022	2,037,015,903	5,762,209	(43,327,588)	15,793,296,784	17,792,747,308
Changes from financing cash flows					
Payment of lease liability	**-**	**(6,308,220)**	**-**	**-**	**(6,308,220)**
Dividend paid	**-**	**-**	**-**	**(1,633,500,000)**	**(1,633,500,000)**
Total changes from financing activities	**-**	**(6,308,220)**		**(1,633,500,000)**	**(1,639,808,220)**
Other changes					
Interest expense	**519,910,954**	**546,011**	**-**	**-**	**520,456,965**
Interest paid	**(375,316,845)**	**-**	**-**	**-**	**(375,316,845)**
Changes in short term borrowings	**323,486,556**	**-**	**-**	**-**	**323,486,556**
Total loan related other changes	**468,080,665**	**546,011**		**-**	**468,626,676**
Total equity related other changes	**-**	**-**	**43,327,588**	**(1,774,372,789)**	**(1,731,045,201)**
Balance as at June 30, 2023	**2,505,096,568**	**-**	**-**	**12,385,423,995**	**14,890,520,563**

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 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.

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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 recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

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

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	June 30, 2023							
	Carrying amount					Fair value		
	Mandatorily / designated at fair value through Profit or loss	Fair value through other comprehensive income - equity Instruments	Financial assets at amortized cost	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)							
Financial assets measured at fair value								
Long term investments	12,257,630,302	-	-	-	-	10,570,118,302	746,112,000	941,400,000
Short term investments	3,803,122,330	-	-	-	-	3,803,122,330	-	-
Financial assets not measured at fair value								
Subsidiary	-	-	4,937,599,953	-	-			
Debt securities	-	-	686,714,948	-	-			
Long term loan to related party	-	-	78,103,657	-	-			
Long term deposits and other receivables	-	-	5,880,378	-	-			
Other receivables	-	-	10,497,248	-	-			
Loans	-	-	1,461,537,028	-	-			
Mark-up receivable	-	-	186,088,244	-	-			
Cash and bank balances	-		40,348,417	-	-			
	16,060,752,632	-	7,406,769,873	-	-			
Financial liabilities not measured at fair value								
Other payables	-	-	-	-	204,693,870			
Short term borrowings	-	-	-	-	2,314,280,474			
Unclaimed dividend	-	-	-	-	22,201,377			
	-	-	-	-	2,541,175,721			

	June 30, 2022							
	Carrying amount					Fair value		
	Mandatorily / designated at fair value through Profit or loss	Fair value through other comprehensive income - equity Instruments	Financial assets at amortized cost	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)							
Financial assets measured at fair value								
Associates	13,130,486,628	1,350,000,000	-	-	-	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
Financial assets not measured at fair value								
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	-	-	865,205,302	-	-			
Mark-up receivable	-	-	56,655,241	-	-			
Cash and bank balances	-	-	41,034,791	-	-			
	18,577,823,903	1,380,997,985	5,784,490,094	-	-			
Financial liabilities not measured at fair value								
Other payables	-	-	-	-	51,376,407			
Short term borrowings	-	-	-	-	1,990,793,918			
Unclaimed dividend	-	-	-	-	19,206,426			
Current portion of lease liability	-	-	-	-	5,762,209			
	-	-	-	-	2,067,138,960			

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

35.2 Measurement of fair values

35.2.1 Investments - at fair value through profit or loss

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
Silk Islamic Development REIT (“SIDR”)	June 30, 2023	The Company has valued this investment on fair value basis using the discounted cashflow technique, considering the progress on the project. This method considers the present value of all future proceeds from SIDR, discounted using a risk adjusted discount rate which is taken at 20.05%. The cash flow projections include specific estimates for the entire life of the project which is estimated to be 10 years from the balance sheet date. Further, discounting due to lack of marketability factor (DLOM) is taken at 25% on the present value of all future proceeds.
Naya Nazimabad Apartment REIT (“NNR”)	June 30, 2023	The Company has valued this investment on fair value basis using the assumption that the primary asset of NNR comprises parcels of land, these parcels have undergone valuation by an independent third-party valuer as of June 30, 2023. Using the assessed value of land as a basis, the company has computed the proportionate fair value of its investment in NNR.

35.2.2 Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of SIDR together with a quantitative sensitivity analysis.

Unobservable inputs	Range of inputs	Sensitivity of the inputs to fair value
Risk-adjusted discount rate	19.05% - 21.05% (20.05%)	1% increase in the risk adjusted discount rate would result in decrease in fair value by Rs. 60.75 million; 1% decrease in the risk adjusted discount rate would result in increase in fair value by Rs. 65.8 million as at 30 June 2023.
Discount for lack of marketability (DLOM)	22% - 28% (25%)	3% increase / (decrease) in DLOM factor would result in increase / (decrease) in fair value by Rs. 37.66 million as at 30 June 2023.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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

	Financial assets - at fair value through profit or loss	Financial assets - at fair value through other comprehensive income	Total
	----------	(Rupees)	----------
Balance at July 1, 2021	-	1,449,993,500	1,449,993,500
Investment made during the year	600,000,000	-	600,000,000
Loss recognised on remeasurement of investment	-	(68,995,515)	(68,995,515)
Balance at June 30, 2022	600,000,000	1,380,997,985	1,980,997,985
Balance at July 1, 2022	**600,000,000**	**1,380,997,985**	**1,980,997,985**
Investment made during the year	**-**	**-**	**-**
Investment disposed during the year	**-**	**(622,313,328)**	**(622,313,328)**
Gain recognised on remeasurement of investment	**341,400,000**	**-**	**341,400,000**
Loss recognised on remeasurement of investment	**-**	**(758,684,657)**	**(758,684,657)**
Balance at June 30, 2023	**941,400,000**	**-**	**941,400,000**

35.2.4 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. 1,271 million (2022: Rs. 1,828 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 unconsolidated 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 30th June 2023

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

Name of the related party	Transactions during the year	2023	2022
		(Rupees)	
Subsidiaries			
Arif Habib Limited	Services availed	**5,222,927**	6,403,011
(72.92% shareholding)	Loan extended	**-**	650,000,000
	Loan repaid	**-**	650,000,000
	Markup on loan	**-**	7,546,853
	Guarantee commission	**2,760,255**	2,716,555
	Dividend income	**247,022,832**	412,458,840
Sachal Energy Development			
(Private) Limited	Guarantee commission	**11,366,903**	9,830,126
(85.83% shareholding)	Dividend Income	**1,235,909,277**	-
Black Gold Power Limited'	Loan extended	**200,000**	-
(100% shareholding)			
Associates			
Fatima Fertilizer			
Company Limited	Dividend income	**1,116,500,721**	1,116,500,721
(15.19% shareholding)	Markup on loan	**157,204,633**	-
MCB-Arif Habib Savings			
and Investments Limited	Dividend income	**21,664,167**	102,904,793
Pakarab Fertilizers Limited	Markup on loan	**-**	28,365,692
	Loan extended	**-**	813,153,536
Associated companies by virtue of common directorship			
*Aisha Steel Mills Limited	Loan extended	**8,160,000,000**	1,725,000,000
**(16.58% shareholding)	Loan repaid	**8,188,433,492**	1,753,433,492
	Markup on loan	**186,601,145**	23,102,714
	Guarantee commission	**1,302,456**	2,028,465
	Dividend income	**-**	58,143,232

* During the year, the Company has also received 4.098 million (2022: 43.64 million) bonus ordinary shares from Aisha Steel Mills Limited.

Power Cement Limited	Loan extended	**-**	1,000,000,000
**(5.18% shareholding)	Loan repaid	**-**	1,000,000,000
	Markup on loan	**-**	3,406,987
	Guarantee commission	**847,680**	1,037,120
Safe Mix Concrete Limited	Loan extended	**-**	173,600,000
	Loan repaid	**18,118,274**	155,481,726
	Markup on loan	**579,859**	1,818,274
Javedan Corporation	Markup on loan	**36,114,271**	2,722,849
Limited	Loan extended	**614,250,000**	-
(9.99% shareholding)	Dividend Income	**152,244,468**	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

Name of the related party	Transactions during the year	2023	2022
		(Rupees)	
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of utilities, insurance and maintenance charges	**23,817,902**	30,915,948
Arif Habib Dolmen REIT Management Limited	Bank charges recovered	**-**	8,814,000

** The shareholding percentage includes ordinary and preference shares.

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

Name of the related party	Transactions during the year	2023	2022
Others			
Employees retirement benefit - Provident fund	Company's contribution	**3,399,607**	2,889,362
Key management employees compensation	Salaries and other employee benefits	**49,404,976**	27,538,811
	Contributions to provident fund	**2,555,432**	1,672,116
Mr. Arif Habib	Dividend paid	**1,315,683,868**	986,762,901
Mr. Asadullah Khawaja	Meeting fee paid	**200,000**	200,000
	Dividend paid	**324,024**	243,018
Mr. Khawaja Jallaluddin Roomi	Meeting fee paid	**275,000**	-
	Dividend paid	**12,946,000**	-
Ms. Zeba Bakhtiar	Meeting fee paid	**200,000**	200,000
	Dividend paid	**400**	300
Mr. Abdus Samad	Dividend paid	**4,024**	3,018
Mr. Muhammad Kashif	Dividend paid	**141,160**	105,870
Mr. Nasim Beg	Dividend paid	**8,312**	15,234
	Comission paid	**21,664,167**	-
Mr. Muhammad Ejaz	Dividend paid	**484**	363
Mr. Sirajuddin Qasim	Meeting fee paid	**-**	300,000
	Dividend paid	**-**	689,679

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

38. NUMBER OF EMPLOYEES

Number of persons employed by the Company as on the year end are 25 (2022: 25) and average number of employees during the year are 24 (2022: 24).

39. CORRESPONDING FIGURES

Comparative information has been reclassified or re-arranged in these unconsolidated financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current year, having insignificant impact.

40. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements have been authorised for issue on 28 September 2023 by the Board of Directors of the Company.

Chief Executive Officer	Director	Chief Financial Officer

Consolidated Financial Statements

for the year ended 30th June 2023

Independent Auditor's Report

To the members of Arif Habib Corporation Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Arif Habib Corporation Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2023, 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, 2023, 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.

Following are the Key audit matters:

S No.	Key audit matters	How the matters were addressed in our audit
(i)	**Investments** (Refer note 10, 11 and 18 to the consolidated financial statements) As at 30 June 2023, the Group has investments classified as "Associates – measured using equity accounting method ", "equity securities - designated as fair value through other comprehensive income", "debt instrument – designated as fair value through profit or loss", "debt instrument designated as amortised cost", "equity securities designated as fair value through profit or loss" and "debt securities designated as fair value through profit or loss" amounting to Rs. 27.21 billion which in aggregate represent 47.10% of the total assets of the Group. Investments are carried at fair value, amortised cost or using the equity accounting method in accordance with the Group's accounting policy relating to their recognition and subsequent measurement. 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.	Our audit procedures amongst others included the following: • Tested, on a sample basis, specific purchases and sale transactions recorded during the year by reference to its source; • In case of quoted securities, tested the valuation of such securities by agreeing the prices to the externally quoted market prices; • In case of unquoted securities, obtained the understanding of the basis of estimates and assumptions. Further, evaluated their appropriateness and tested the valuation of such securities; • Assessed the appropriateness of impairment policy in accordance with the requirements of accounting and reporting standards; and • 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.

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.

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

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: 2 October 2023

UDIN: AR202310059sLK3hlxbJ

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

As at 30th June 2023

	Note	2023	2022
		(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**18,327,271,281**	15,670,619,559
Intangible assets	6	**1,412,241**	1,941,485
Goodwill	7	**910,206,117**	910,206,117
Trading right entitlement certificate, membership cards and offices	8	**5,600,000**	5,600,000
Investment properties	9	**450,749,014**	1,641,779,213
Equity accounted investees	10	**16,042,756,743**	15,574,980,504
Other long term investments	11	**4,520,203,177**	642,745,423
Long term loan to related party	12	**78,103,657**	106,537,149
Long term advances, deposits and other receivables	13	**513,072,150**	36,051,318
		40,849,374,380	34,590,460,768
CURRENT ASSETS			
Trade debts	14	**4,897,902,353**	4,179,622,743
Loans and advances	15	**2,135,728,305**	1,149,316,418
Deposits and prepayments	16	**138,341,099**	82,241,103
Receivable under margin trading system		**11,679,177**	9,233,629
Accrued mark-up and other receivables	17	**1,449,757,558**	862,366,406
Short term investments	18	**6,652,917,876**	10,710,609,048
Cash and bank balances	19	**1,644,267,507**	2,586,858,066
		16,930,593,875	19,580,247,413
Assets classified as held for sale	20	**-**	80,673,277
TOTAL ASSETS		**57,779,968,255**	54,251,381,458

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 30th June 2023

	Note	2023	2022
		(Rupees)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Issued, subscribed and paid-up share capital	21	**4,083,750,000**	4,083,750,000
Capital reserve			
Surplus on revaluation	22	**7,835,000**	15,432,500
Revenue reserves			
General reserve	23	**4,019,567,665**	4,019,567,665
Unappropriated profit		**26,004,636,795**	23,920,777,173
Equity attributable to owners of the Parent Company		**34,115,789,460**	32,039,527,338
Non-controlling interest	24	**3,070,755,570**	3,570,144,157
TOTAL EQUITY		**37,186,545,030**	35,609,671,495
NON-CURRENT LIABILITIES			
Long term loans - secured	25	**8,397,435,371**	7,914,826,418
Land lease liability	26	**11,479,191**	11,094,657
Lease liability against right-of-use assets	27	**918,356**	3,683,389
Staff retirement benefits	29	**40,421,863**	33,327,829
Deferred taxation - net	30	**3,249,244,252**	2,369,239,920
		11,699,499,033	10,332,172,213
CURRENT LIABILITIES			
Trade and other payables	31	**1,235,709,471**	1,267,311,521
Accrued mark-up		**423,365,310**	204,691,207
Sales tax payable		**79,153,171**	134,898,204
Short term borrowings	32	**3,932,066,154**	4,422,763,535
Current portion of long term loans - secured	25	**2,871,000,000**	2,060,000,000
Current portion of lease liability against right-of-use assets	27	**2,108,980**	21,656,279
Current portion of loan under State Bank of Pakistan scheme	28	**-**	9,654,142
Current portion of land lease liability	26	**1,360,000**	1,360,000
Payable against purchase of investment - net		**-**	21,078,278
Taxation - net		**305,534,288**	127,134,106
Unclaimed dividend		**43,626,818**	38,371,131
		8,893,924,192	8,308,918,403
Liabilities directly associated with assets classified as held for sale	20	**-**	619,347
TOTAL LIABILITIES		**20,593,423,225**	18,641,709,963
Contingencies and commitments	33		
TOTAL EQUITY AND LIABILITIES		**57,779,968,255**	54,251,381,458

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 30th June 2023

	Note	2023	2022
		(Rupees)	
Revenue	34	**7,949,824,900**	5,408,346,405
Gain / (loss) on remeasurement of investments - net	35	**240,649,008**	(1,296,491,365)
(Loss) / gain on remeasurement of investment properties	9	**(1,016,769,380)**	71,212,860
Gain on sale of investments - net		**92,546,036**	672,016,660
Gain on sale of investment properties		**1,261,550,827**	940,000,000
		8,527,801,391	5,795,084,560
Cost of energy sales	36	**(1,603,165,283)**	(1,300,470,724)
Administrative expenses	37	**(1,247,101,604)**	(815,626,251)
Other income	38	**47,000,392**	36,740,152
Finance costs	39	**(2,254,291,401)**	(887,897,701)
Other charges	40	**(70,611,203)**	(85,437,319)
		3,399,632,292	2,742,392,717
Share of profit of equity accounted investees - net of tax	10.5	**2,098,147,561**	2,309,547,671
Profit before tax		**5,497,779,853**	5,051,940,388
Income tax expense	41	**(1,683,949,670)**	(1,043,303,344)
Profit from continuing operations		**3,813,830,183**	4,008,637,044
Discontinued operation			
Profit from discontinued operation, net of tax		**2,575,645**	2,056,844
Profit for the year		**3,816,405,828**	4,010,693,888
Profit attributable to:			
Equity holders of the Parent Company - continuing operations		**3,416,399,357**	3,472,114,885
Equity holders of the Parent Company - discontinued operation		**1,753,731**	1,413,054
		3,418,153,088	3,473,527,939
Non-controlling interests - continuing operations		**397,430,826**	536,522,159
Non-controlling interests - discontinued operation		**821,914**	643,790
		398,252,740	537,165,949
		3,816,405,828	4,010,693,888
Earnings per share - basic & diluted			
For continuing operations		**8.37**	8.50
For discontinued operation		**0.00**	0.00
	42	**8.37**	8.50

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 30th June 2023

	2023	2022
	(Rupees)	
Profit for the year	**3,816,405,828**	4,010,693,888
Other comprehensive income		
Items that may be reclassified subsequently to consolidated statement of profit or loss		
Share of other comprehensive loss of equity accounted investees - net of tax	**(7,986,446)**	(19,072,412)
Items that will not be reclassified subsequently to consolidated statement of profit or loss		
Share of other comprehensive loss of equity accounted investees - net of tax	**-**	(1,769,635)
Loss on investment in equity securities at FVOCI - net	**-**	(26,314,980)
	-	(28,084,615)
Other comprehensive loss for the year - net of tax	**(7,986,446)**	(47,157,027)
Total comprehensive income	**3,808,419,382**	3,963,536,861
Total comprehensive income attributable to:		
Equity holders of the Parent Company - continuing operations	**3,408,412,911**	3,432,999,715
Equity holders of the Parent Company - discontinued operation	**1,753,731**	1,413,054
	3,410,166,642	3,434,412,769
Non-controlling interests - continuing operations	**397,430,826**	528,480,302
Non-controlling interests - discontinued operation	**821,914**	643,790
	398,252,740	529,124,092
	3,808,419,382	3,963,536,861

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 30th June 2023

	Equity attributable to owners of the Parent Company						Non-controlling interests	Total equity
	Issued, subscribed and paid-up share capital	Capital reserve		Revenue reserves				
		Surplus on revaluation	Fair value reserve *	General reserve	Unappropriated profit	Total		
	---------- (Rupees) ----------							
Balance as at 1 July 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
Total comprehensive income for the year								
Profit for the year	**-**	**-**	**-**	**-**	**3,418,153,088**	**3,418,153,088**	**398,252,740**	**3,816,405,828**
Other comprehensive loss	**-**	**-**	**-**	**-**	**(7,986,446)**	**(7,986,446)**	**-**	**(7,986,446)**
	-	**-**	**-**	**-**	**3,410,166,642**	**3,410,166,642**	**398,252,740**	**3,808,419,382**
	-	**-**	**-**	**-**	**3,410,166,642**	**3,410,166,642**	**398,252,740**	**3,808,419,382**
Surplus on revaluation transferred to retained earning	**-**	**(7,597,500)**	**-**	**-**	**7,597,500**	**-**	**-**	**-**
Transactions with owners recorded directly in equity								
Distributions								
Final cash dividend at the rate of Rs. 4 per share for the year ended 30 June 2022	**-**	**-**	**-**	**-**	**(1,633,500,000)**	**(1,633,500,000)**	**-**	**(1,633,500,000)**
Distribution by subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**(349,107,891)**	**(349,107,891)**
Acquisition of equity interest in subsidiary without change in control	**-**	**-**	**-**	**-**	**299,595,480**	**299,595,480**	**(532,934,841)**	**(233,339,361)**
Disposal of subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**(15,598,595)**	**(15,598,595)**
Balance as at 30 June 2023	**4,083,750,000**	**7,835,000**	**-**	**4,019,567,665**	**26,004,636,795**	**34,115,789,460**	**3,070,755,570**	**37,186,545,030**

* 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 30th June 2023

	Note	2023	2022
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	44	**5,973,327,938**	710,887,451
Income taxes paid		**(626,314,505)**	(527,861,094)
Mark-up received		**843,740,856**	182,915,156
Finance cost paid		**(1,907,996,707)**	(590,172,427)
Gratuity paid		**(1,470,974)**	(1,420,774)
Net cash generated from / (used in) operating activities		**4,281,286,608**	(225,651,688)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(8,153,250)**	(32,858,985)
Dividend from equity accounted investee		**1,138,164,888**	1,219,405,514
Acquisition of investment property		**(183,806,134)**	(64,942,880)
Acquisition of long term investment		**(1,538,406,622)**	(626,314,980)
Development charges incurred in relation to investment property		**(12,957,220)**	(22,375,601)
Proceeds from disposal of investment property		**3,500,000**	1,410,000,000
Proceeds from sale of property, plant and equipment		**-**	44,497
Acquisition of equity interest in subsidiary		**(233,339,361)**	-
Proceeds from sale of associate		**649,275,085**	-
Proceeds from disposal of assets held for sale		**80,997,985**	-
Disposal of equity interest in subsidiary		**-**	161,910,000
Net cash (used in) / generated from investing activities		**(104,724,629)**	2,044,867,565
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loan		**(2,612,200,000)**	(1,847,500,000)
Repayment of loan to Javedan Corporation Limited		**(800,000,000)**	-
Repayment of loan under State Bank of Pakistan scheme		**(9,654,142)**	(15,369,744)
Distribution by subsidiary to non-controlling interest		**(349,107,891)**	(181,541,160)
Dividend paid		**(1,633,500,000)**	(1,225,125,000)
Land lease rent paid		**(1,360,000)**	(1,360,000)
Lease rentals paid		**(22,633,124)**	(60,916,855)
Net cash used in financing activities		**(5,428,455,157)**	(3,331,812,759)
Net change in cash and cash equivalents		**(1,251,893,178)**	(1,512,596,882)
Cash and cash equivalents at beginning of the year		**(1,035,905,469)**	476,691,413
Cash and cash equivalents at end of the year	45	**(2,287,798,647)**	(1,035,905,469)

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 30th June 2023

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. 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 2023 comprise of the Parent Company and following subsidiary and associate companies (here-in-after referred to as "the Group"):

Name of subsidiary companies		**% of effective holding**	
	Note	**2023**	2022
- Arif Habib Limited, a brokerage house	1.1.1	**72.92%**	63.01%
- Rayaan Commodities (Private) Limited, (formerly Arif Habib Commodities (Private) Limited), investment management of commodities [wholly owned subsidiary of Arif Habib Limited]	1.1.2	**72.92%**	63.01%
- Arif Habib 1857 (Private) Limited, investments and share brokerage company [wholly owned subsidiary of Arif Habib Limited]	1.1.3	**-**	63.01%
- Sachal Energy Development (Private) Limited, a wind power generation company	1.1.4	**85.83%**	85.83%
- Black Gold Power Limited, a coal power generation company	1.1.5	**100%**	100%
Name of associates			
- MCB - Arif Habib Savings and Investments Limited, a pension fund manager, asset management company and investment advisor	1.1.6	**-**	30.09%
- Fatima Fertilizer Company Limited, a fertilizer company	1.1.7	**15.19%**	15.19%
- Pakarab Fertilizers Limited, a fertilizer company	1.1.8	**-**	30.00%

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.

During the year, the Parent Company has purchased 6,478,050 ordinary shares of AHL, the Parent Company's shareholding in AHL has increased from 63.01% to 72.92%.

1.1.2 Rayaan Commodities (Private) Limited (RCPL), (formerly Arif Habib Commodities (Private) Limited), 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 RCPL is located at Arif Habib Centre, 23, M.T. Khan Road, Karachi. The principal activity of RCPL is to effectively manage investment portfolios in commodities. RCPL is a wholly owned subsidiary of Arif Habib Limited. RCPL holds license of Pakistan Mercantile Exchange (PMEX).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

1.1.3 Arif Habib 1857 (Private) Limited (AH1857) was disposed off during the period after obtaining the required approval.

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 2023, the BGPL has reported accumulated losses of Rs. 55.30 million (2022: Rs. 55.19 million) and its total liabilities exceeded its total assets by Rs. 5.30 million (2022: Rs. 5.19 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 During the year, the Parent Company has disposed off its entire shareholding of 21,664,167 shares (30.09%) in MCB-Arif Habib Savings and Investments Limited (MCB-AH), an associated company, at a price of Rs. 30 per share to MCB Bank Limited after obtaining all the required approvals.

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

The company has its representation on the Board of FFCL and accordingly treated as an 'Associate'.

1.1.8 During the period, the shareholders of Pakarab Fertilizers Limited (PFL) and Fatima Fertilizer Company Limited (FFCL) have entered into the Scheme of Arrangement for Amalgamation / Merger of PFL into FFCL (the "Scheme"), with effect from 01 July 2022. The Scheme has been duly sanctioned by the High Court of Lahore vide its order dated 27 June 2023. As a result, all the business, assets and liabilities of PFL have been successfully transferred and vested in FFCL, leading to the dissolution of PFL without any winding up procedures.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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 exmpted 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, as per the SECP's S.R.O. 67 (I) / 2023 dated January 20, 2023, SECP has exempted applicability of IFRS 9 in respect of debts due from GoP to power generation companies for a limited period till December 31, 2024. 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 of SEDPL 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 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.

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, require 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 effect 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:

- Goodwill (note 4.2.1)
- Taxation (note 4.6)
- Property, plant and equipment (note 4.7)
- Investment properties (note 4.8)
- Provisions (note 4.19)
- Fair value and classification of investment (note 4.20)

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, 2022. However, these do not have any significant impact on the Group's financial reporting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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

There are standards 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, 2023. 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 or the 'lease term.

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

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 excercise (or not to excercise) the option to renew the lease. Any change is accounted for as a change in estimate and applied prospectively with corresponding change in right-of-use assets and lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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.

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 these financial statements are based on audited financial statements of subsidiaries.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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.

4.4 Purchase / sale 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 RCPL operate a recognised provident fund for all its eligible permanent employees. Equal monthly contributions are made by the Group companies and it's employees to the fund at the rate of 12.50% of basic salary per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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 prorate basis. The partial month will be deemed as full month if the number of days served are more than fifteen and for any less number of days served that month will not be counted.

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 Company derived from electric power generation and sale of clean development mechanism credits are exempt from tax subject to the conditions and limitations provided for in terms of clause (132) of Part I and clause (65) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 respectively. However, full provision is made in the statement of profit or loss on income from sources not covered under the above clause at current rates of taxation after taking into account, tax credits and rebates available, if any, and any adjustment to tax payable in respect of previous years. Further, SEDPL is also exempt from minimum tax on turnover under clause (11a)(V) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

Deferred

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

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward of unused tax losses can be utilised. Carrying amount of all deferred tax assets are reviewed at each reporting date and are recognised only if it is probable that the future taxable amounts will be available to utilize these temporary differences and losses.

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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 2.1.2 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.

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 for more than one year are classified as operating fixed assets under category of major stores and spares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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 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) and Rayaan Commodities (Private) Limited (RCPL) 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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 and other 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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 time frame established by the 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 takes 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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 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 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 income 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 profit and loss account.

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

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to the profit and loss account. Dividends are recognised in the statements of profit or loss 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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 or loss account in the period in which these arise.

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

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

b) Financial assets held at amortised cost

These are subsequently measured at amortised cost.

4.20.2 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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 statement of profit or loss.

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 30th June 2023

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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.

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	2023 (Rupees)	2022
Operating fixed assets	5.1	**18,324,991,612**	15,627,739,395
Right-of-use assets	5.2	**2,279,669**	42,880,164
		18,327,271,281	15,670,619,559

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)						
COST							
Balance as at 01 July 2022	**202,708,984**	**20,998,950**	**68,693,901**	**19,787,832,345**	**11,080,168**	**74,504,831**	**20,165,819,179**
Additions during the year	**3,236,640**	**90,233**	**-**	**-**	**349,225**	**4,289,407**	**7,965,505**
Disposals	**-**	**(96,165)**	**(63,500)**	**-**	**-**	**(209,974)**	**(369,639)**
Exchange loss	**-**	**-**	**-**	**3,796,200,000**	**-**	**-**	**3,796,200,000**
Balance as at 30 June 2023	**205,945,624**	**20,993,018**	**68,630,401**	**23,584,032,345**	**11,429,393**	**78,584,264**	**23,969,615,045**
DEPRECIATION							
Balance as at 01 July 2022	**156,525,758**	**5,761,673**	**44,023,552**	**4,281,023,895**	**4,370,588**	**46,374,318**	**4,538,079,784**
Charge for the year	**7,048,864**	**2,315,930**	**4,933,363**	**1,081,204,487**	**1,091,751**	**10,137,000**	**1,106,731,395**
Disposals / transfers	**-**	**(55,160)**	**(45,799)**	**-**	**-**	**(86,787)**	**(187,746)**
Balance as at 30 June 2023	**163,574,622**	**8,022,443**	**48,911,116**	**5,362,228,382**	**5,462,339**	**56,424,531**	**5,644,623,433**
Written down value as at 30 June 2023	**42,371,002**	**12,970,575**	**19,719,285**	**18,221,803,963**	**5,967,054**	**22,159,733**	**18,324,991,612**
COST							
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
Balance as at 30 June 2022	202,708,984	20,998,950	68,693,901	19,787,832,345	11,080,168	74,504,831	20,165,819,179
DEPRECIATION							
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)
Balance as at 30 June 2022	156,525,758	5,761,673	44,023,552	4,281,023,895	4,370,588	46,374,318	4,538,079,784
Written down value as at 30 June 2022	46,183,226	15,237,277	24,670,349	15,506,808,450	6,709,580	28,130,513	15,627,739,395
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, 2023 includes foreign exchange loss of Rs. 9.65 billion (2022: Rs. 6.31 billion). Exchange loss of Rs. 3.80 billion (2022: Rs. 2.65 billion) have been recorded in the carrying value of plant and machinery in the current year. 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.

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5.2 Right-of-use assets

	2023 (Rupees)	2022
Cost		
Balance as at July 1	144,672,076	125,626,843
Additions during the year	-	26,785,352
Disposals during the year	(3,264,414)	-
Effect of lease modification	-	(7,740,119)
Balance as at June 30	141,407,662	144,672,076
Depreciation		
Balance as at July 1	101,791,912	67,000,781
Charge for the year	39,459,132	34,791,131
Disposals during the year	(2,123,051)	-
Balance as at June 30	139,127,993	101,791,912
Written down value as at June 30	2,279,669	42,880,164
Rates of depreciation (%)	20 - 33	20 - 33

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	2023 (Rupees)	2022
Cost of energy sales	36	1,081,204,487	893,439,593
Administrative expenses	37	64,986,040	62,786,956
		1,146,190,527	956,226,549

6. INTANGIBLE ASSETS

Computer Software	Note	2023 (Rupees)	2022
Cost			
Opening balance		10,273,911	10,273,911
Additions during the year		-	-
Closing balance		10,273,911	10,273,911
Amortisation			
Opening balance		8,332,426	7,671,353
Amortisation for the year	37	529,244	661,073
Closing balance		8,861,670	8,332,426
Written down value as at 30 June		1,412,241	1,941,485
Rates of amortisation (%)		25 - 33	25 - 33

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	2023 (Rupees)	2022
Arif Habib Limited	7.1	838,683,576	838,683,576
Sachal Energy Development (Private) Limited	7.2	71,522,541	71,522,541
		910,206,117	910,206,117

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For the year ended 30th June 2023

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	30 June 2023	Free cash flows: The valuation model considers the present value of free cash flow of subsidiary company discounted using a risk-adjusted discount rate. The cash flow projection include specific estimates for 5 years. Inputs used: Long term growth rate 5% Long term return on equity 21.06%	The estimated fair value would increase / (decrease) if: - the annual growth rate were higher or lower - the EBITDA margin were higher or lower Generally, a change in the annual growth rate is accompanied by a directionally similar change in EBITDA margin.

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

Date of valuation	Valuation approach and assumptions	Inter-relationship between significant unobservable inputs and fair value measurement
30 June 2023	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 2024 to 2037. The calculation of 'dividend discount model' for the business operations is most sensitive to the following assumptions: (i) Revenue have been derived from the tariff fixed by regulatory authority. (ii) Cost of supply of power has been projected on the basis of multiple strategies planned by management to ensure profitable operations. (iii) Financial cost has been projected based on the financing arrangement made by SEDPL. Inputs used: Cost of equity 21.50% Increase in foreign exchange rate (USD/PKR) 5%	The estimated fair value would increase / (decrease) if: - the cost of equity were higher or lower - the USD/PKR rate were higher or lower

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

8. TRADING RIGHT ENTITLEMENT CERTIFICATE, MEMBERSHIP CARDS AND OFFICES

	Note	2023 (Rupees)	2022 (Rupees)
Trading right entitlement certificate (TREC)			
Cost		**26,000,000**	26,000,000
Impairment		**(23,500,000)**	(23,500,000)
	8.1 & 8.2	**2,500,000**	2,500,000
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	5,600,000

8.1 This represents TREC received by Arif Habib Limited, a Subsidiary Company in accordance with the Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012 as amended by the Stock Exchanges (Corporatization, Demutualization and Integration) (Amendment) Act, 2015. 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	2023 (Rupees)	2022 (Rupees)
Open plots of land / offices - at fair value	9.1	**202,000,000**	1,576,836,333
Residential flats under construction - at cost	9.2	**248,749,014**	64,942,880
		450,749,014	1,641,779,213

9.1 Open plots of land / offices - at fair value

	Note	2023 (Rupees)	2022 (Rupees)
Opening carrying amount (at fair value)		**1,576,836,333**	1,968,800,000
Development charges incurred during the year (subsequent expenditure)		**12,957,220**	6,823,473
		1,589,793,553	1,975,623,473
Disposal during the year:			
Sale proceeds during the year	9.1.2	**(1,632,575,000)**	(1,410,000,000)
Realized gain on disposal - net		**1,261,550,827**	940,000,000
Less: Reversal of unrealized gain upon sale	9.1.4	**(1,270,875,827)**	(575,000,000)
		(1,641,900,000)	(1,045,000,000)
		(52,106,447)	930,623,473
Fair value gain on remeasurement	9.1.4	**254,106,447**	646,212,860
Closing carrying amount	9.1.3	**202,000,000**	1,576,836,333

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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

Open plots of land:	8 residential plots situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi (a realestate 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.

9.1.2 During the year, AHL sold its 5 commercial plots located at Block A, Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi to M/s. Rahat Residency REIT for an aggregate sale consideration of Rs. 1,629.08 million. AHL received 50 million units amounting to Rs. 500 million in Rahat Residency REIT during the year against the sale consideration. The remaining consideration will be received in cash and units of Rahat Residency REIT amounting to Rs. 804.08 million and Rs. 325 million (32.5 million units at par value of 10) respectively.

During the year, AHL also sold office no. 113 situated in the Lahore Stock Exchange - South Tower at sale consideration of Rs. 3.5 million.

9.1.3 The valuation of the investment property 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 are stated below:

	Fair Value		Forced Sale Value	
	2023	2022	**2023**	2022
	(Rupees)			
At fair value				
Residential plots	**155,500,000**	131,688,461	**124,400,000**	105,350,769
Commercial plots	**-**	1,386,647,872	**-**	1,109,318,298
Offices	**20,500,000**	32,500,000	**17,425,000**	27,625,000
At committed sale price				
Committed to sale office	**26,000,000**	26,000,000	**N/A**	N/A
	202,000,000	1,576,836,333	**141,825,000**	1,242,294,066

9.1.4 Net change in unrealized (loss) / gain during the year

	Note	**2023**	2022
		(Rupees)	
Increase in fair value of open plots / offices held at year end		**254,106,447**	646,212,860
Less: Decrease in unrealized gain upon sale	9.1.4.1	**(1,270,875,827)**	(575,000,000)
		(1,016,769,380)	71,212,860

9.1.4.1 This represent the unrealized gain previously recognized (i.e. as at June 30, 2022) in relation to 5 commercial plots by AHL sold during the year to M/s. Rahat Residency REIT (refer also note 9.1.2 to these consolidated financial statements).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

9.2 Residential flats under construction - at cost

This represents the aggregate of the initial down payment and subsequent periodic payments by AHL made to M/s. Globe Residency REIT, a related party, in respect of the purchase of 20 residential flats in Globe Residency real estate project situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi. Initially, total agreed purchase consideration of these flats were Rs. 359.800 million which were to be settled in 55 unequal installments of varying frequency. However, during the year, AHL paid lump sum amount of Rs. 146.091 million to avail an upfront payment discount amounting to Rs. 36.051 million.

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. Globe Residency REIT, please refer note 33.2.2 to these consolidated financial statements.

10. EQUITY ACCOUNTED INVESTEES

	Note	2023	2022
		(Rupees)	
Fatima Fertilizer Company Limited (FFCL)	10.1 & 10.3.1	**16,042,756,743**	15,143,342,092
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	10.2 & 10.3.2	**-**	431,638,412
National Resources (Private) Limited (NRPL)	20.1 & 10.3.3	**-**	-
Pakarab Fertilizers Limited (PFL)	11.4.1	**-**	-
		16,042,756,743	15,574,980,504

10.1 Investment in FFCL represents 15.19% (2022: 15.19%) of FFCL's paid up share capital as at 30 June 2023. These includes 169,650,000 shares (2022: 120,300,000 shares) having market value of Rs. 5,057.27 million (2022: Rs. 4,547.34 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 2023 is Rs. 29.81 (2022: Rs. 37.80).

10.2 During the year, the Parent Company has disposed its entire shareholding of 21,664,167 shares (30.09%) in MCB-Arif Habib Savings and Investments Limited (MCB-AH), an associated company, at a price of Rs. 30 per share to MCB Bank Limited.

10.3 Movement of investment in associates is as follows:

10.3.1 Fatima Fertilizer Company Limited (FFCL)

	2023	2022
	(Rupees)	
Opening balance	**15,143,342,092**	13,999,653,270
Group's share of total comprehensive income	**2,015,915,372**	2,260,189,543
Dividend received	**(1,116,500,721)**	(1,116,500,721)
Closing balance	**16,042,756,743**	15,143,342,092

10.3.2 MCB - Arif Habib Savings and Investments Limited (MCB-AH)

	2023	2022
Opening balance	**431,638,412**	482,382,000
Group's share of total comprehensive income	**74,245,743**	52,162,412
Dividend received	**(21,664,167)**	(102,906,000)
Disposal	**(484,219,988)**	-
Closing balance - net of impairment	**-**	431,638,412

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

10.3.3 National Resources (Private) Limited (NRPL)

	2023	2022
	(Rupees)	
Opening balance	-	99,222,000
Group's share of total comprehensive loss	-	(23,645,431)
Transferred to disposal group held for sale	-	(75,576,569)
Closing balance	-	-

10.4 The tables below provide summarised financial information for associates of the parent. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the parent's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	30 June 2023
	Fatima Fertilizer Company Limited
	(Rupees in '000')
Summarised balance sheet	
Non-current assets	128,150,311
Current assets	101,044,789
Non-current liabilities	40,943,852
Current liabilities	82,637,312
Net assets	105,613,936
Reconciliation to carrying amounts:	
Opening net assets at 30 June 2022	99,692,838
Profit for the period	13,323,675
Other comprehensive income	(52,577)
Dividends paid	(7,350,000)
Closing net assets	105,613,936
Parent's share in %	15.19%
Carrying amount	16,042,757
Summarised statement of comprehensive income	
Revenue	182,729,869
Profit for the period	13,323,675
Other comprehensive income	(52,577)
Total comprehensive income	13,271,098
Dividends received from associates	1,116,501

* The investments in PFL and MCB-AH have been disposed off in the current year and accordingly not disclosed in above note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

	30 June 2022		
	MCB - Arif Habib Savings and Investments Limited	Pakarab Fertilizers Limited	Fatima Fertilizer Company Limited
	------------------------ Rupees in '000' ------------------------		
Summarised balance sheet			
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
Reconciliation to carrying amounts:			
Opening net assets at 30 June 2021	1,603,130	(6,077,386)	92,163,616
Profit for the period	173,361	2,418,169	15,016,431
Other comprehensive income	-	(52,767)	(137,209)
Dividends paid	(342,000)	-	(7,350,000)
Closing net assets	1,434,491	(3,711,984)	99,692,838
Parent's share in %	30.09%	30.00%	15.19%
Parent's share in Rs.	431,638	(1,113,595)	15,143,342
Restricting share of loss to carrying amount	-	1,113,595	-
Carrying Amount	431,638	-	15,143,342
Summarised statement of comprehensive income			
Revenue	881,912	65,079,973	127,464,028
Profit for the period	173,361	2,418,169	15,016,431
Other comprehensive income	-	(52,767)	(137,209)
Total comprehensive income	173,361	2,365,402	14,879,222
Dividends received from associates	102,906	-	1,116,501

10.5 Group's share of total comprehensive income in equity accounted investee

	2023	2022
	(Rupees)	
Fatima Fertilizer Company Limited (FFCL)	**2,015,915,372**	2,260,189,543
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	**74,245,743**	52,161,512
National Resources (Private) Limited (NRPL)	**-**	(23,645,431)
	2,090,161,115	2,288,705,624
Add: other comprehensive loss	**7,986,446**	20,842,047
Taken to statement of profit or loss	**2,098,147,561**	2,309,547,671

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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

11. OTHER LONG TERM INVESTMENTS

	Note	2023	2022
		(Rupees)	
Equity securities - at FVOCI	11.1	-	-
Equity securities - designated at FVTPL	11.2	31,188,188	42,745,423
Debt instruments - at FVTPL	11.3	3,802,300,041	600,000,000
Debt instrument - at amortised cost	11.4	686,714,948	-
		4,520,203,177	642,745,423

11.1 Equity securities - at FVOCI

	Note	Cost	Appreciation / (diminution) on remeasurement of investments	Carring amount 2023	Carring amount 2022
		(Rupees)			
Unquoted entities					
Sun Biz (Private) Limited (SBL) 10,000 (2022: 10,000) fully paid ordinary shares of Rs. 100 each	11.1.1	-	-	-	-
Al-Khabeer Financial Services (Private) Limited (AKFS) 5000 (2022: 5000) fully paid ordinary shares of Rs. 100 each	11.1.1	-	-	-	-
		-	-	-	-

11.1.1 Investment in SBL (unquoted) and AKFS (unquoted) by Parent Company 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 it was concluded that the fair value does not differ materially from carrying amount as at June 30, 2022.

11.2 Equity securities - designated at FVTPL

	Note	2023	2022
		(Rupees)	
Unquoted entities			
ISE Towers REIT Management Company Limited	11.2.1	22,181,370	27,493,503
LSE Financial Services Limited	11.2.2	-	15,251,920
Quoted entities			
LSE Proptech Limited	11.2.2	1,421,528	-
LSE Ventures Limited	11.2.2	7,585,290	-
		31,188,188	42,745,423

11.2.1 This represents AHL's investment in 3,034,604 (2022: 3,034,604) unquoted ordinary shares of M/s. ISE Towers REIT Management Company Limited. The reconciliation of the opening and closing carrying amount of the investment is presented below:

	2023	2022
	(Rupees)	
Cost of investment	33,380,639	33,380,639
Unrealised (loss) / gain:		
Balance as at 1 July	(5,887,136)	4,460,873
Unrealised loss for the year	(5,312,133)	(10,348,009)
	(11,199,269)	(5,887,136)
Balance as at 30 June	22,181,370	27,493,503

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

11.2.2 During the year, M/s LSE Financial Services Limited demerged into two companies LSE Proptech Limited and LSE Ventures Limited (formerly LSE Financial Services Limited) and AHL received 295,536 shares of LSE Proptech Limited and 842,810 shares of LSE Ventures Limited as per the demerger scheme against 843,975 unquoted ordinary shares of LSE Financial Services Limited. The said new shares have been measured at their fair value (i.e. quoted price) at the reporting date.

11.3 Debt instruments - at FVTPL

	Note	Cost	Appreciation on remeasurement of investments	Carring amount (at fair value)	
				2023	2022
		(Rupees)			
Quoted entity					
Globe Residency REIT (GRR) 77,255,802 (2022: Nil) Units of Rs. 10 each	11.3.1	774,656,621	286,065,540	1,060,722,161	-
Unquoted entities					
Silk Islamic Development REIT (SIDR) 60,000,000 (2022: 60,000,000) Units of Rs. 10 each	11.3.2	600,000,000	341,400,000	941,400,000	600,000,000
Naya Nazimabad Apartment REIT (NNAR) 76,375,000 (2022: Nil) Units of Rs. 10 each	11.3.3	763,750,000	408,802,880	1,172,552,880	-
Rahat Residency REIT (RRR) 50,000,000 (2022: Nil) units of Rs. 10 each	11.3.4	500,000,000	127,625,000	627,625,000	-
		2,638,406,621	1,163,893,420	3,802,300,041	600,000,000

11.3.1 This represents 77.26 million units held by Parent Company in a listed, closed-end, limited life, developmental REIT scheme which constitutes 55.18% of the total 140 million units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Company Limited - a related party and Central Depositary Company of Pakistan Limited is its trustee. The market value per share as at 30 June 2023 is Rs. 13.73.

11.3.2 This represents 60 million units held by Parent Company in a privately placed, closed-end, limited life, shariah compliant, developmental 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 and Central Depository Company of Pakistan Limited is its trustee. For details regarding assumptions used in valuation of SIDR refer to note 47.1. The company being strategic investor of SIDR has 25% of its subscribed units in an account marked as ‘blocked’ with the Central Depository Company as required by the Real Estate Investment Trust Regulations, 2022.

The investment in SIDR, previously classified as equity instrument at fair value through other comprehensive income, has been reassessed during the year that SIDR is a developmental REIT scheme having a limited life and will be wound up at the end of the project which is therefore reclassified as debt instrument at fair value through profit or loss. There is no impact on profit or loss or cashflow due to the change.

11.3.3 This represents 76.375 million units held by Group in a privately placed, closed-end, limited life, shariah compliant, developmental REIT scheme which constitutes 26% of the total 293.75 million units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Company Limited - a related party and Central Depositary Company of Pakistan Limited as its trustee. For details regarding assumptions used in valuation of NNAR refer to note 47.1.

11.3.4 This represents 50 million units held by AHL in a privately placed, closed-end, limited life, shariah compliant, developmental REIT scheme which constitutes 100% units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Company Limited - a related party and Central Depositary Company of Pakistan Limited as its trustee. For details regarding assumptions used in valuation of RRR refer to note 47.1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

11.4 Debt instrument - at amortised cost

	Note	Fair value at initial recognition	Unwinding of interest income	Carring amount 2023	Carring amount 2022
		---- (Rupees) ----			
Unquoted entity					
Fatima Fertilizer Company Limited (FFCL) - redeemable class A shares	11.4.1	591,315,343	95,399,605	686,714,948	-
		591,315,343	95,399,605	686,714,948	-

11.4.1 During the year, the shareholders of Pakarab Fertilizers Limited (PFL) and Fatima Fertilizer Company Limited (FFCL) have entered into the Scheme of Arrangement for Amalgamation / Merger of PFL with and into FFCL (the “Scheme”), with effect from 01 July 2022. The Scheme has been duly sanctioned by the High Court of Lahore vide its order dated 27 June 2023. As a result, all the business, assets, and liabilities of PFL have been successfully transferred and vested in FFCL, leading to the dissolution of PFL without any winding up procedures.

As an integral component of this amalgamation scheme, FFCL has undertaken the issuance of non-voting redeemable Class A shares, in consideration for the Parent Company’s previous investment in 135,000,000 ordinary shares of PFL. These Class A shares bear a face value of Rs.10 each and hold a redemption date of 31 December 2027. Consequently, Parent Company has appropriately derecognised its prior investment in PFL’s ordinary shares and recognised an investment in the newly issued redeemable class A shares.

In accordance with the terms approved for the class A shares, the redemption value will be determined based on the lower of (i) value as determined by FFCL’s Board of Directors with unanimous vote; (ii) aggregate face value of entire set of class A shares; or (iii) the amount computable according to the formula defined in the Scheme. In the best case scenario, the management believes that the shares will be redeemed at Rs. 10 per share at the redemption date.

To arrive at the initial recognition value on the date of commencement, which is 01 July 2022, the valuation of the redeemable class A shares has been appraised by applying a discounting mechanism to the cumulative face value of these shares over a 5.5-year timeframe, utilizing an effective interest rate of 16.18%. Consequent to this valuation exercise, a gain of Rs. 591.3 million has been acknowledged in connection with the derecognition of the ordinary shares.

12. LONG TERM LOAN TO RELATED PARTY

	Note	2023	2022
		(Rupees)	
At amortised cost			
Secured - considered good			
Aisha Steel Mills Limited a related party		**106,537,149**	134,970,641
Less: current portion of long term loan	15	**(28,433,492)**	(28,433,492)
		78,103,657	106,537,149

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 (2022: 6-months KIBOR plus 3.25% per annum). The rate of mark-up on the loan during the year ranged between 18.60% to 20.29% (2022: 10.94% to 14.71%) 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. 120.75 million (2022: Rs. 149.19 million).

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13. LONG TERM ADVANCES, DEPOSITS AND OTHER RECEIVABLES	Note	2023	2022
		(Rupees)	
Advance against equity			
- Rahat Residency REIT	9.1.2	**325,000,000**	-
- Signature Residency REIT	13.1	**133,298,960**	-
- Neem Exponential Technology Pte. Limited	13.2	**37,000,000**	-
		495,298,960	-
Advance against construction of investment property	13.3	**-**	15,552,128
Deposits - unsecured			
- Pakistan Stock Exchange Limited		**700,461**	700,461
- National Clearing Company of Pakistan Limited		**1,250,000**	1,260,000
- Pakistan Mercantile Exchange		**9,007,205**	11,507,205
- Other deposits		**1,284,736**	2,183,536
		12,242,402	15,651,202
Other receivable - secured			
- Receivable from employees against leased vehicles	13.4	**5,530,788**	4,847,988
		513,072,150	36,051,318

13.1 During the year, AHL has given advance against purchase of 13,329,896 units of Signature Residency REIT. As per the purchase agreement, AHL shall hold 3,332,474 blocked units (25% of units to be issued) as a Strategic Investor subject to the REIT Regulations. The expected date of issuance of share is September 15, 2023.

13.2 During the year, AHL has given advance against purchase of preference shares of Neem Exponential Technology Pte. Limited (company registered in Singapore) amounting to Rs. 37,000,000 ($180,000) under the SAFE (Simple agreement for future equity). It is expected that the preference share will be issued in December, 2024.

13.3 AHL had given advance in previous year for the construction on commercial plot to Kings Real Estate which was classified as investment property in the previous year. During the year, the contract for the construction was cancelled and the amount was received back by AHL therefore it has been reclassified as advance for better presentation.

13.4 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.

14 TRADE DEBTS	Note	2023	2022
		(Rupees)	
Trade debts - secured	14.1	**4,520,125,685**	3,867,048,746
- unsecured	14.2	**1,209,288,306**	1,098,615,576
		5,729,413,991	4,965,664,322
Less: Allowance for impairment of trade debts	14.3	**(949,633,030)**	(932,575,082)
		4,779,780,961	4,033,089,240
Unbilled receivable			
Regular energy		**41,195,999**	34,797,884
Shortfall energy		**14,053,857**	4,815,796
Bonus energy		**11,105,839**	11,105,839
Delayed payment		**51,765,697**	95,813,984
		118,121,392	146,533,503
		4,897,902,353	4,179,622,743

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14.1 This includes trade debts of Rs. 4.52 billion (2022: Rs. 3.87 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:	**2023**	2022
	(Rupees)	
Not yet due	**1,749,734,317**	1,258,448,235
Past due		
0 - 30 days	**536,620,943**	419,376,982
31 - 60 days	**294,173,052**	264,728,227
61 - 90 days	**242,468,881**	289,888,545
Above 90 days	**1,697,128,492**	1,634,606,757
	4,520,125,685	3,867,048,746

These trade debts includes amount of Rs. 318.95 million at 30 June, 2023 (2022 : Rs 92.31 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.

	Note	**2023**	2022
		(Rupees)	
14.2 Unsecured - receivable			
Equity brokerage	14.2.1	**1,071,723,071**	971,299,200
Inter bank brokerage		**27,816,750**	24,129,003
Advisory and consultancy fee		**109,748,485**	103,187,373
		1,209,288,306	1,098,615,576

14.2.1 These receivables include Rs. 0.90 million (2022: Rs. 1.9 million) due from related parties. The maximum aggregate amount outstanding during the year from such parties (with reference to month-end balances) amounted to Rs. 275.32 million (2022: Rs. 551.82 million).

14.2.2 AHL holds capital securities having fair value of Rs. 75,027 million (2022: Rs. 64,334 million) owned by its clients, as collateral against trade debts.

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

	2023	2022
	(Rupees)	
Balance as at 1 July	**932,575,082**	922,272,883
Provision during the year	**17,057,948**	10,302,199
Balance as at 30 June	**949,633,030**	932,575,082

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.

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For the year ended 30th June 2023

		Note	2023	2022
15.	**LOANS AND ADVANCES considered good**		**(Rupees)**	
	At amortised cost			
	Unsecured			
	Advance:			
	- for expenses		**3,909,533**	3,668,755
	- to consultant	15.1	**1,243,760**	4,069,760
			5,153,293	7,738,515
	Secured			
	Advances / loan to employees	15.2	**2,373,309**	2,846,351
	Advance against property		**41,338,425**	-
	Advance for Investment in Pakistan Corporate CBD REIT	15.5	**279,026,250**	279,026,250
			322,737,984	281,872,601
	Loans to related parties:			
	Aisha Steel Mills Limited (ASML) - current portion	12 & 15.6	**28,433,492**	28,433,492
	Safe Mix Concrete Limited		**-**	18,118,274
	Javedan Corporation Limited	15.3 & 15.6	**966,250,000**	-
	Pakarab Fertilizers Limited		**-**	813,153,536
	Fatima Fertilizer Company Limited	15.4 & 15.6	**813,153,536**	-
			1,807,837,028	859,705,302
			2,135,728,305	1,149,316,418

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.

15.3 The Parent Company entered into a loan agreement with Javedan Corporation Limited, a related party. The loan outstanding at 30th June 2023 is Rs. 614.25 million (2022: nil). 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 year ranged between 19% to 23.88% per annum (2022: nil).

During the year, AHL, a subsidiary company provided an unsecured financing facility of Rs. 1 billion to M/s. Javedan Corporation Limited, a related party to finance working capital requirements which will be repayable within one year. Further, 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 during the year was Rs. 352 million.

15.4 As part of the amalgamation scheme, loan receivable by Parent Company from Pakarab Fertilizers Limited has been transferred to Fatima Fertilizer Company Limited. This 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 17.12% to 23.88% per annum (2022: 13.73% to 13.69%).

15.5 This represents advance paid for equity investment by Parent Company in a shariah compliant development REIT scheme (Scheme). The Scheme is managed by Arif Habib Dolmen REIT Management Company Limited (RMC) - a related party. The Scheme is in the process of acquiring two immovable properties from the Lahore Central Business District Development Authority against the agreed consideration payable as per the payment plan.

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. 2,957.85 million (2022: Rs. 1,855.07 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

16. DEPOSITS AND PREPAYMENTS

	Note	2023 (Rupees)	2022
Deposits		**1,068,199**	1,151,009
Prepayments	16.1	**101,219,554**	68,823,570
Marginal trading system - exposure deposits	16.2	**34,076,976**	10,351,449
Others		**1,976,370**	1,915,075
		138,341,099	82,241,103

16.1 This amount include prepayments on account of operational insurance made by SEDPL, subsidiary company, amounting to Rs. 96.7 million (2022: Rs. 64.1 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 RCPL, subsidiary companies, in accordance with the regulations of National Clearing Company of Pakistan Limited.

17. ACCRUED MARK-UP AND OTHER RECEIVABLES

	Note	2023 (Rupees)	2022
Mark-up receivable			
From related parties:			
- Aisha Steel Mills Limited		**71,242,617**	9,948,630
- Javedan Corporation Limited	15.3	**30,690,166**	10,192,861
- Power Cement Limited		**-**	16,179,794
- Fatima Fertilizer Company Limited	15.4	**86,227,246**	28,365,692
- Safe Mix Concrete Limited		**-**	2,161,125
	17.1	**188,160,029**	66,848,102
Others	17.2	**31,423,881**	21,483,230
		219,583,910	88,331,332
Receivable against margin financing	17.3	**113,367,759**	406,532,037
Less: allowance for impairment	17.4	**-**	(1,917,749)
		113,367,759	404,614,288
Guarantee commission receivable	17.5		
Aisha Steel Mills Limited		**367,944**	325,616
Power Cement Limited		**239,470**	211,920
		607,414	537,536
Other receivables			
Recoverable from CPPA-G	17.6	**115,046,271**	198,292,702
Receivable against reverse repo arrangements		**108,796,620**	115,089,608
Receivable against trading of securities - net		**77,192,508**	-
Receivable against sale of investment property	9.1.2	**809,201,734**	5,126,734
Receivable from director - Ahsan Mehanti		**-**	45,569,134
Others		**5,961,342**	4,805,072
		1,116,198,475	368,883,250
		1,449,757,558	862,366,406

17.1 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. 188.16 million (2022: Rs.66.85 million). Further, the said receivable from related parties are on account of loans provided to them which are current and not past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

17.2 This represent accrued markup due on margin financing amounting to Rs. 21.53 million (2022: Rs. 21.48 million).

17.3 Margin financing facility is provided to clients by AHL on markup basis ranging from 15.00% to 28.50% (2022: 15.00% to 23.00%) per annum.

17.4 Movement in allowance for impairment relating to receivable against margin financing is as follows:

	2023	2022
	(Rupees)	
Balance as at 1 July	1,917,749	1,917,749
Reversal of provision during the year	(1,917,749)	-
Balance as at 30 June	-	1,917,749

17.5 The maximum amount due from related party in respect of guarantee commission as at the end of any month during the year was Rs. 0.61 million (2022: Rs. 0.54 million).

17.6 This represents WPPF paid by SEDPL, subsidiary company 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.

18. SHORT TERM INVESTMENTS

	Note	2023	2022
		(Rupees)	
Equity securities - at FVTPL	18.1	6,377,779,240	9,688,906,755
Debt securities - at FVTPL	18.2	275,138,636	1,021,702,293
		6,652,917,876	10,710,609,048

18.1 Equity securities - at FVTPL

Investment in quoted equity securities			
- Investment in ordinary shares of related parties	18.1.1	2,442,496,177	2,667,497,983
- Investment in preference shares of related parties	18.1.2	703,543,481	605,168,208
- Investment in ordinary shares of other companies		3,231,739,582	6,416,240,564
		6,377,779,240	9,688,906,755

18.1.1 These represents investments made in the shares of related parties, namely, Aisha Steel Mills Limited, Power Cement Limited, Javedan Corporation Limited and Safemix Concrete Limited (SCL). Investment in SCL carries 22.80% voting power, however, it has been concluded that SCL is not an associate as per IAS 28 'Investments in Associates and Joint Ventures' due to lack of representation on the board.

18.1.2 These represents investments made by Parent Company in the preference shares of Power Cement Limited and Aisha Steel Mills Limited.

18.1.3 Investment in quoted securities

	2023	2022
	(Rupees)	
Cost of investment	7,037,548,685	9,392,266,706
Unrealized (loss) / gain:		
Balance as at 1 July	296,640,049	1,581,966,533
Unrealized loss for the year	(956,409,494)	(1,285,326,484)
	(659,769,445)	296,640,049
Balance as at 30 June	6,377,779,240	9,688,906,755

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

18.2 Debt securities - at FVTPL

	Note	2023 (Rupees)	2022
Quoted			
- Term Finance Certificates	18.2.1	**88,544,078**	71,702,293
- Globe Residency REIT (GRR)	18.2.2	**186,594,558**	-
Unquoted			
- Bank of Punjab		**-**	850,000,000
- TPL Corp Limited (TPL)		**-**	100,000,000
		275,138,636	1,021,702,293

18.2.1 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 2.5%, 6 month KIBOR + 0.50% to 2% (2022: 3 month KIBOR + 1.5% to 2.25%, 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.

18.2.2 This represents an investment in 13,590,281 (2022: nil) units of (GRR) made by AHL, a subsidiary company. This gives AHL 9.71% (2022: nil) unit holding in GRR. AHL intends to sell the units after price appreciation therefore classified as short term.

19. CASH AND BANK BALANCES

	Note	2023 (Rupees)	2022
With banks in:			
Current accounts			
- In local currency	19.1	**171,108,562**	171,761,168
- In foreign currency		**11,474,201**	8,185,591
		182,582,763	179,946,759
Saving accounts	19.2	**1,453,708,732**	2,401,508,898
		1,636,291,495	2,581,455,657
Cash in hand (in local and foreign currency)		**1,301,825**	1,157,716
Cash held in Central Depository Company Limited		**6,674,187**	4,244,693
		1,644,267,507	2,586,858,066

19.1 This includes unclaimed dividend deposited in separate dividend account amounting to Rs. 43.62 million (2022: Rs. 38.37 million).

19.2 Mark-up on deposit accounts carries profit rates ranging between 6.50% to 20.50% (2022: 2.5% to 14%) per annum.

19.3 Bank balances include customers' bank balances held in designated bank accounts by AHL, subsidiary company, amounting to Rs. 946.286 million (2022: Rs. 986.95 million) maintained on behalf of the clients.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

20. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	Note	2023	2022
		(Rupees)	
Assets classified as held for sale			
National Resources (Private) Limited	20.1	-	30,997,985
Arif Habib 1857 (Private) Limited		-	49,675,292
		-	80,673,277
Liabilities directly associated with assets classified as held for sale			
Arif Habib 1857 (Private) Limited		-	619,347

20.1 During the year, the Parent Company sold its entire shareholding in National Resources (Private) Limited (NRPL) to other NRPL's sponsors as per the share purchase agreement at a total consideration of 31 million (Rs. 3.10 per share).

20.2 During the year, the Group, disposed off its entire shareholding in Arif Habib 1857 (Private) Limited after obtaining the requisite approval from the members of the company in its 18th Annual General Meeting held on October 15, 2022. The total consideration received against the sale amounting to Rs. 50 million.

21. SHARE CAPITAL

21.1 Authorised share capital

2023	2022		2023	2022
(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

2023	2022		Note	2023	2022
(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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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% (2022: 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'. During the year, the Company sold office premise due to which surplus amount of Rs. 7.6 million was transferred to unappropriated profit.

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	2023	2022
		(Rupees)	
Subsidiary Companies			
Arif Habib Limited	24.1	**1,363,705,806**	1,975,154,771
Rayaan Commodities (Private) Limited	24.1	**20,756,437**	35,589,693
Arif Habib 1857 (Private) Limited	24.1	**-**	19,764,801
		1,384,462,243	2,030,509,265
Sachal Energy Development (Private) Limited	24.1	**1,686,293,327**	1,539,634,892
		3,070,755,570	3,570,144,157

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

	2023			
	Arif Habib Limited	**Sachal Energy Development (Private) Limited**	**Rayaan Commodities (Private) Limited**	**Arif Habib 1857 (Private) Limited**
NCI Percentage	**27.08%**	**14.17%**	**27.08%**	**0.00%**
	---------- (Rupees) ----------			
Non-current assets	**2,149,301,366**	**18,230,357,021**	**11,611,238**	**-**
Current assets	**5,620,472,168**	**5,466,416,065**	**49,132,063**	**-**
Non-current liabilities	**70,067,886**	**8,449,336,425**	**-**	**-**
Current liabilities	**2,705,453,362**	**3,388,077,384**	**8,678,690**	**-**
Net assets	**4,994,252,286**	**11,859,359,277**	**52,064,611**	**-**
Net assets attributable to NCI	**1,363,705,806**	**1,686,293,327**	**20,756,437**	**-**
Revenue	**1,587,609,144**	**5,684,629,282**	**41,541,567**	**3,470,680**
Profit for the year	**184,672,102**	**2,463,927,078**	**(36,042,939)**	**2,575,645**
Other comprehensive Income	**-**	**-**	**-**	**-**
Total comprehensive income	**184,672,102**	**2,463,927,078**	**(36,042,939)**	**2,575,645**
Profit allocated to NCI	**58,075,340**	**350,749,157**	**(11,393,671)**	**821,914**
Cash flows from operating activities	**1,927,330,867**	**4,135,507,950**	**7,777,345**	**2,711,299**
Cash flows from investing activities	**(789,358,001)**	**(2,270,955)**	**1,900,000**	**-**
Cash flows from financing activities	**(1,205,043,647)**	**(5,003,613,302)**	**-**	**-**
Net (decrease) / increase in cash and cash equivalents	**(67,070,781)**	**(870,376,307)**	**9,677,345**	**2,711,299**
Dividend paid to NCI	**145,017,168**	**204,090,723**	**-**	**-**

	2022			
	Arif Habib Limited	Sachal Energy Development (Private) Limited	Rayaan Commodities (Private) Limited	Arif Habib 1857 (Private) Limite
NCI Percentage	36.99%	14.17%	36.99%	36.99%
	---------- (Rupees) ----------			
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
Net assets	5,201,620,184	10,835,432,198	88,107,550	49,055,945
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	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 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 (decrease) / 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	-	-	-

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		Note	2023	2022
24.2	**Profit allocated to NCI**		**(Rupees)**	
	Arif Habib Limited - Unconsolidated		**58,075,340**	258,555,235
	Arif Habib 1857 (Private) Limited		**821,914**	643,790
	Rayaan Commodities (Private) Limited		**(11,393,671)**	(613,136)
	Sachal Energy Development (Private) Limited		**350,749,157**	278,580,060
			398,252,740	537,165,949

		Note	2023	2022
25.	**LONG TERM LOANS - secured**			
	Term finance loan - ICBC	25.1	**10,300,000,000**	9,498,000,000
	Exchange loss / (gain)		**3,796,200,000**	2,649,500,000
	Repayment of loan		**(2,612,200,000)**	(1,847,500,000)
	Less: Current portion		**(2,871,000,000)**	(2,060,000,000)
			8,613,000,000	8,240,000,000
	Transaction cost			
	Balance at 1 July		**(325,173,582)**	(477,738,519)
	Less: Amortisation during the year	39	**109,608,953**	152,564,937
			(215,564,629)	(325,173,582)
			8,397,435,371	7,914,826,418

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 (2022: 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 30th June 2023

26. LAND LEASE LIABILITY

	2023 (Rupees)	2022 (Rupees)
Balance at 1 July	**12,454,657**	12,070,114
Charge for the year	**1,744,534**	1,744,543
Paid during the year	**(1,360,000)**	(1,360,000)
Balance at 30 June	**12,839,191**	12,454,657
Current portion shown under current liabilities	**(1,360,000)**	(1,360,000)
	11,479,191	11,094,657

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.

27 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

This represent lease liability of Parent Company and AHL, subsidiary company.

	2023 (Rupees)	2022 (Rupees)
As at 1 July	**25,339,668**	62,945,714
Effect of lease modification	**-**	(8,436,150)
Additions during the year	**-**	26,785,352
Termination during the year	**(1,285,665)**	-
Interest accrued	**1,462,155**	4,961,607
Payments	**(22,488,822)**	(60,916,855)
As at 30 June	**3,027,336**	25,339,668
Lease liability	**3,027,336**	25,339,668
Less: current portion of lease liability	**(2,108,980)**	(21,656,279)
	918,356	3,683,389

27.1 Lease liability is payable as follows:

	2023		
	Less than one year	**Between one and two years**	**Total**
	(Rupees)		
Future minimum lease payments	**2,270,132**	**966,307**	**3,236,439**
less: Interest	**(161,152)**	**(47,951)**	**(209,103)**
Present value of minimum lease payment	**2,108,980**	**918,356**	**3,027,336**

	2022		
	Less than one year	Between one and two years	Total
	(Rupees)		
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

28. LOAN UNDER STATE BANK OF PAKISTAN SCHEME

	Note	2023 (Rupees)	2022 (Rupees)
Loan under State Bank of Pakistan scheme	28.1	**-**	9,654,142
Less: amount payable within next twelve months		**-**	(9,654,142)
		-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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 33.2.3) and it is repayable over a period of two years with a grace period of six months. The loan is completely repaid in the current year.

29. STAFF RETIREMENT BENEFITS

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

	2023	2022
	(Rupees)	
Balance at beginning of the year	**33,327,829**	23,064,751
Provision for the year	**8,565,008**	11,683,852
Gratuity paid during the year	**(1,470,974)**	(1,420,774)
Balance at end of the year	**40,421,863**	33,327,829

29.1 This include provision for gratuity of Rs. 27.025 million (2022: Rs 22.948 million) payable to key management personnel of SEDPL. The actuarial valuation in respect of provision for gratuity has not been carried out since the management believes that the impact is not material.

30. DEFERRED TAXATION - net

	Note	**2023**	2022
		(Rupees)	
Taxable temporary differences			
- Accelerated tax depreciation		**-**	8,079,108
- Investment in equity accounted associates		**3,132,493,630**	2,209,806,375
- Unrealised gain on investments		**119,714,561**	132,728,896
- Investment property		**-**	25,783,816
- Right-of-use assets		**661,103**	3,034,396
		3,252,869,294	2,379,432,591
Deductible temporary differences			
- Allowance for impairment loss on trade debts		**-**	(556,147)
- Intangible assets		**(6,491,468)**	(6,815,000)
- Unrealised loss on investments		**(13,983,499)**	(18,892,142)
- Impairment loss on other long term investment		**(20,280,000)**	(17,160,000)
- Turnover tax		**(2,693,368)**	-
- Lease liability		**(877,927)**	-
- Accelerated tax depreciation		**(5,069,612)**	-
		(49,395,874)	(43,423,289)
		3,203,473,420	2,336,009,302
- Unused tax losses		**(265,845,947)**	(210,448,152)
		2,937,627,473	2,125,561,150
Deferred tax asset not recognised	30.1	**311,616,779**	243,678,770
Deferred tax liability		**3,249,244,252**	2,369,239,920

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 Parent Company can use the benefits therefrom. This includes deferred tax asset not recognised on unused tax losses of Rs. 265.84 million (2022: Rs. 210.45 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

30.2 Net difference of Rs. 880 million (2022: Rs. 560.84 million) has been recognised in the consolidated statement of profit or loss.

31. TRADE AND OTHER PAYABLES

	Note	2023	2022
		(Rupees)	
Creditors	31.1	**876,006,082**	950,019,803
Commission payable	31.2	**22,477,749**	28,573,208
Operating and maintenance payable	31.3	**131,045,360**	94,027,670
Workers' Profit Participation Fund Payable		**121,612,992**	99,265,368
Payable against reverse repo transaction	31.4	**17,629,267**	33,629,267
Other accrued expenses	31.5	**36,726,063**	30,407,712
Other liabilities		**21,211,958**	18,135,924
Advance from customers		**-**	4,252,569
Advance against committed sale of investment property	31.6	**9,000,000**	9,000,000
		1,235,709,471	1,267,311,521

31.1 This includes amount of Rs. 61.3 million (2022: Rs. 109.45 million) payable to related parties by AHL.

31.2 This includes amount of Rs. 12.82 million (2022: Rs. 23.9 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. 38 million (2022: Rs. 22 million) has been paid and the remaining amount is standing as payable.

31.5 This includes Rs. 1.02 million (2022: Rs. 1.11 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 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 2023 has been recognized equal to the said sale consideration. However, the agreement expired on 31 March, 2023 and no further amount received by the Company therefore these plots are revalued as at 30 June, 2023.

32. SHORT TERM BORROWINGS

	Note	2023	2022
		(Rupees)	
Secured - from banking companies			
- Running finance	32.1	**3,932,066,154**	3,622,763,535
From Related parties			
- Financing facility from Javedan Corporation Limited		**-**	800,000,000
		3,932,066,154	4,422,763,535

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. 12,450 million (2022: Rs. 9,200 million). These facilities have various maturity dates up to 28 February 2026 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% (2022: 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. 8,518 million (2022: Rs. 5,577 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

32.1.1 Total value of securities belonging to customers pledged with financial institutions for the year ended 30 June 2023 amounts to Rs. 4.73 million (2022 : Rs. 4.68 million).

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. 12,390 million (2022: Rs. 14,070 million).

33. CONTINGENCIES AND COMMITMENTS

33.1 Contingencies

Parent company

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

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 18, 2023.

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 40 million (2022: 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 (2022: Rs. 677.45 million) and Rs. 625 million (2022: 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. 730.3 million as at year end to Habib Metropolitan Bank Limited against this financing facility availed by ASML.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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 (2022: Rs. 847.68 million) issued to secure payment obligations of PCL.

33.1.6 The Parent Company has pledged 115.4 million shares of Fatima Fertilizer Company Limited valued at Rs. 3,440 million 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. 2.62 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 30 June 2023 (2022 : nil)

Associates

33.1.11 The Group's share of associates' contingent liabilities is Rs. 4,065.82 million (2022: Rs. 7,259.72 million).

33.2 Commitments

Parent company

33.2.1 The Parent Company holds 2.56 billion shares (2022: 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.

AHL, Subsidiary Company

33.2.2 Following commitments are outstanding as at the year end:

	2023	2022
	(Rupees)	
- Outstanding settlements against marginal trading contracts	**226,651,180**	372,222,968
- Outstanding settlements against sale/ purchase of securities in regular market	**151,314,528**	277,978,515
- Financial guarantee given by a commercial bank on behalf of AHL	**750,000,000**	750,000,000
- Against purchase of investment property	**75,000,000**	312,057,120
- Against development cost of investment property	**-**	110,034,327

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

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 980,000 is agreed for the year 2023-24.

Associates

33.2.4 The Group's share of associates' commitments is Rs. 2,175 million (2022: 1,030.99 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, 2022 renewed on February 17, 2023.

34. REVENUE

	Note	2023	2022
		(Rupees)	
Revenue from sale of energy - net	34.3	**5,455,049,471**	3,899,280,709
Brokerage income		**349,581,386**	415,695,473
Advisory and consultancy fee		**343,499,284**	408,342,385
Dividend income		**510,238,105**	228,299,701
Mark-up income on loans toassociates	34.1	**382,571,693**	86,586,839
Mark-up income on bank deposits		**316,551,380**	152,919,979
Inter bank brokerage income		**116,066,254**	94,638,538
Mark-up income on margin financing		**64,938,899**	53,683,737
Sale of GSCERs (Carbon Credits)		**-**	26,846,496
Commodity brokerage income		**37,908,326**	27,103,130
Mark-up income on term finance certificates		**275,870,361**	12,774,497
Guarantee commission income	34.2	**2,150,136**	2,174,921
Unwinding of interest of debt instrument		**95,399,605**	-
		7,949,824,900	5,408,346,405

34.1 This represents mark-up income on loans extended by the Parent Company to related parties, namely Aisha Steel Mills Limited, Javedan Corporation Limited, Fatima Fertilizers Company Limited.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

	Note	2023	2022
34.3 Revenue from sale of energy - net		(Rupees)	
Regular energy		**4,119,987,229**	3,704,998,389
Short fall energy		**1,473,827,188**	416,253,064
Less: Sales tax		**(581,623,271)**	(543,427,415)
		5,012,191,146	3,577,824,038
Late payment charges		**442,858,325**	321,456,671
		5,455,049,471	3,899,280,709

35. GAIN / (LOSS) ON REMEASUREMENT OF INVESTMENTS - NET

		2023	2022
Long term investment - at fair value through profit and loss		**1,152,336,184**	(12,009,348)
Short term investments - at fair value through profit and loss		**(911,687,176)**	(1,284,482,017)
		240,649,008	(1,296,491,365)

36. COST OF ENERGY SALES

	Note	2023	2022
Salaries, wages and benefits		**80,559,104**	71,971,807
Operations and maintenance		**244,110,912**	183,708,839
Travelling and transportation		**23,030,354**	16,767,969
Land lease rent		**1,744,534**	1,744,543
Import energy cost		**15,746,993**	8,541,969
Consultancy services		**3,907,878**	3,169,342
Legal and professional charges		**-**	612,500
Communication		**5,960,382**	3,558,036
Operational insurance		**91,675,168**	70,793,659
Fee and subscription		**1,684,990**	2,223,031
Security services		**35,984,375**	29,585,227
Depreciation	5.3	**1,081,204,487**	893,439,593
Water charges		**8,919,878**	6,940,334
Other expenses		**8,636,228**	7,413,875
		1,603,165,283	1,300,470,724

37. ADMINISTRATIVE EXPENSES

	Note	2023	2022
Salaries and benefits	37.1	**445,395,698**	299,971,694
Royalty	37.2	**288,000,000**	-
Printing and stationery		**10,187,276**	11,187,350
Communication		**27,688,213**	25,030,991
Rent, rates and taxes		**12,897,822**	15,712,982
Utilities		**7,352,862**	5,130,265
Legal and professional charges		**9,161,896**	16,232,918
Central Depository Company and clearing house charges		**25,421,731**	38,613,238
Entertainment		**7,025,024**	3,214,325
Travel and conveyance		**75,750,298**	70,057,780
Depreciation	5.3	**64,986,040**	62,786,956
Amortisation of intangible assets	6	**529,244**	661,073
Repairs and maintenance		**60,935,513**	47,566,436
Insurance		**15,742,120**	15,928,111
Fees and subscription		**30,173,378**	14,677,565
Advertisement, business promotion and research		**16,264,490**	11,534,895
Meeting expenses		**2,350,000**	1,150,000
Auditors' remuneration	37.3	**7,700,946**	6,362,356
Technical assistance / commission and advisory fee		**38,650,783**	131,265,361
Man power services	37.4	**25,192,644**	23,800,000
Others		**75,695,626**	14,741,955
		1,247,101,604	815,626,251

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

37.1 This includes the Group's contribution to staff retirement benefits amounting to Rs. 22.6 million (2022: Rs. 18.83 million).

37.1.1 Parent Company, AHL and RCPL 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.

37.2 This represents payment made as reward to Mr. Kashif Mateen Ansari, CEO of SEDPL, subsidiary company as royalty for conceptual framework developed in 2009 approved by the chairman of the Board of Directors (BoD) during the year under the authority given by the BoD in the meeting held on September 15, 2021. Reward / financial incentive for the later periods will be decided subsequently.

37.3 Auditors' remuneration

	2023 (Rupees)	2022
Audit fee	4,568,325	3,940,200
Interim & other services (certifications)	2,493,307	1,895,000
Out of pocket	345,786	299,060
Sales tax	293,528	228,096
	7,700,946	6,362,356

37.4 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.

38. OTHER INCOME

	Note	2023 (Rupees)	2022
Profit on exposure deposit		4,842,542	3,241,454
Exchange gain		3,444,581	1,946,964
Mark up on reverse repo transaction		13,524,000	28,364,241
Reversal of provision of bad debt		7,630,328	-
Gain on modification of lease		-	696,030
Gain on disposal of property, plant and equipment		-	11,564
Gain on disposal of subsidiary		13,967,005	
Others		3,591,936	2,479,899
		47,000,392	36,740,152

39. FINANCE COSTS

	Note	2023	2022
Mark-up on long term loans		1,256,293,827	473,386,201
Mark-up on short term borrowings		869,671,260	238,276,028
Interest expense on lease		1,462,155	4,961,607
Bank charges		15,410,496	14,535,707
Amortisation of transaction cost	39.1	109,608,953	152,564,937
Mark-up on loan under State Bank of Pakistan scheme		129,289	568,718
Mark-up on Margin Trading System securities		1,715,421	3,604,503
		2,254,291,401	887,897,701

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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40. OTHER CHARGES

	Note	2023 (Rupees)	2022
Donations	40.1	**59,250**	40,000
Provision for expected credit losses on trade debts		**24,688,276**	10,302,199
Other receivables written-off		**2,171,617**	1,977,882
Loss on classification of asset classified as held for sale		**-**	44,578,335
Exchange loss		**43,676,354**	28,538,903
Loss on disposal of fixed / scrap assets		**15,706**	-
		70,611,203	85,437,319

40.1 This represents donation paid by Parent Company to Habib University Foundation. There are no donations to any person, institution or organisation in which a director or his spouse had any interest.

41. INCOME TAX EXPENSE

	Note	2023 (Rupees)	2022
Current			
- For the year		**811,969,769**	513,687,736
- Prior year		**(8,024,431)**	(31,233,182)
		803,945,338	482,454,554
Deferred	30.2	**880,004,332**	560,848,790
		1,683,949,670	1,043,303,344

41.1 Relationship between tax expense and accounting profit

	2023 (Effective tax rate %)	2022	2023 (Rupees)	2022
Profit before taxation			**5,497,779,853**	5,051,940,388
Tax at the applicable tax rate at 29% (2022: 29%)	**29%**	29%	**1,594,356,157**	1,465,062,713
Tax effect of:				
Income under final tax regime	**(1.51%)**	(5.16%)	**(83,024,519)**	(260,491,131)
Income under minimum tax regime	**0.85%**	0.17%	**46,925,872**	8,769,519
Income taxed at lower rate	**0.00%**	(4.07%)	**(123,451)**	(205,760,834)
Minimum turnover tax	**(2.01%)**	(0.05%)	**(110,648,623)**	(2,567,162)
Prior year tax	**(0.15%)**	(0.06%)	**(8,024,431)**	(3,233,182)
Non-deductible expenses	**20.61%**	13.74%	**1,132,860,610**	694,119,372
Exempt income / permanent difference	**(20.62%)**	(12.62%)	**(1,133,482,567)**	(637,317,100)
Super tax	**5.95%**	1.80%	**326,870,048**	91,003,606
Change in tax rate	**(0.89%)**	0.96%	**(49,056,685)**	48,750,014
Others	**(0.59%)**	(3.07%)	**(32,702,741)**	(155,032,471)
			1,683,949,670	1,043,303,344

Parent company

41.2 The provision for current year tax represents tax on taxable income under final tax regime as per the applicable rate, minimum tax per annum under normal tax regime and super tax at the applicable rate under Finance Act, 2023. 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.

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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 2020 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 aforementioned tax years, 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 2022. 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 2023. 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 2022.

41.9 Deferred tax asset amounting to Rs. 14.38 million (2022: Rs.16.01 million) in respect of unused tax losses has not been recognised in these 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.

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42. EARNINGS PER SHARE - BASIC AND DILUTED

42.1 Basic earnings per share

	2023	2022
	(Rupees)	
Profit after tax from continuing operations attributable to ordinary shareholders	3,416,399,357	3,472,114,885
Profit after tax from discontinued operation attributable to ordinary shareholders	1,753,731	1,413,054
Weighted average number of ordinary shares	408,375,000	408,375,000
Earnings per share - continuing operations	8.37	8.50
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, 2023 and June 30, 2022 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	
	2023	2022	2023	2022	2023	2022
	(Rupees)					
Managerial remuneration	12,000,000	12,000,000	-	-	189,341,652	140,512,253
Retirement benefits	967,740	967,740	-	-	14,352,067	15,388,642
Commission and bonus	2,000,000	2,000,000	21,664,167*	-	89,665,259	75,162,010
Other allowances	600,000	600,000	675,000	700,000	12,092,598	8,332,883
Total	15,567,740	16,567,740	22,339,167	700,000	305,451,576	239,395,788
Number of person(s)	1	1	7**	7**	54	37

* This represents commission paid to Nasim Beg, a non-executive director.

** This includes 4 non-excutive 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 company's policy. The net book value of these vehicles provided to chief executive officer are 11.23 million (2022: Rs. 14.13 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.

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44. CASH GENERATED FROM OPERATIONS

	Note	2023	2022
		(Rupees)	
Profit before tax	44.1	**5,500,355,498**	5,054,846,857
Adjustments for:			
Depreciation		**1,146,190,527**	956,226,549
Amortisation of intangible assets		**529,244**	661,073
Mark-up income		**(974,993,434)**	(252,281,315)
Unwinding of interest income on debt instrument		**(95,399,605)**	-
Gain on disposal of associate		**(756,370,440)**	-
Share of profit of equity-accounted investees - net of tax		**(2,098,147,561)**	(2,309,547,671)
Gain on disposal of discontinued operations		**(13,967,005)**	-
Unrealised loss / (gain) on remeasurement of investment property		**1,016,769,380**	(71,212,860)
Gain on sale of investment property		**(1,261,550,827)**	(940,000,000)
Provision for gratuity		**8,565,008**	11,683,852
Unrealised (gain) / loss on remeasurement of other long term investment		**(1,152,336,184)**	12,009,348
Unrealised loss on remeasurement of short term investment		**911,687,176**	1,285,269,569
Loss on sale of property, plant and equipment		**-**	5,881
Impairment loss on trade debts		**17,057,948**	10,302,199
Other receivables written-off		**2,171,617**	1,977,882
Amortisation of land lease rent		**1,744,534**	1,744,543
Gain on lease modification		**-**	(696,031)
Profit on asset held for sale		**(2,575,645)**	-
Loss on classified as assets held of sale		**-**	44,578,335
Amortisation of transaction cost		**109,608,953**	152,564,937
Interest expense on lease		**1,462,155**	4,961,607
Finance cost		**2,127,809,797**	715,835,450
		(1,011,744,362)	(375,916,652)
		4,488,611,136	4,678,930,205
Changes in working capital:			
Decrease / (increase) in current assets			
Trade debts		**(735,337,558)**	349,382,340
Loans and advances		**(957,978,395)**	323,999,412
Deposits and prepayments		**(56,099,996)**	81,763,575
Accrued mark-up and other receivables		**345,764,809**	80,238,411
Short term investments		**3,143,558,448**	(3,996,445,887)
Long term deposits and other receivables		**(152,020,832)**	14,584,043
Asset held for sale		**-**	(46,555,945)
		1,587,886,476	(3,193,034,051)
(Decrease) / increase in current liabilities			
Trade and other payables		**(87,347,083)**	(748,440,879)
Payable against purchase of investment - net		**(21,078,278)**	(32,680,345)
Unclaimed dividend		**5,255,687**	6,112,521
		(103,169,674)	(775,008,703)
Cash generated from operations		**5,973,327,938**	710,887,451

44.1 Profit before tax

		2023	2022
Profit before tax from continuing operations		**5,497,779,853**	5,051,940,388
Profit before tax from discontinued operations		**2,575,645**	2,906,469
		5,500,355,498	5,054,846,857

45. CASH AND CASH EQUIVALENTS

	Note	2023	2022
Cash and bank balances	19	**1,644,267,507**	2,586,858,066
Short term borrowings	32	**(3,932,066,154)**	(3,622,763,535)
		(2,287,798,647)	(1,035,905,469)

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46. FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The risk management system devised by the Board comprises of a wide range of finely tuned groupwide organizational and procedural components and is capable of identifying events and developments impairing the going-concern status of the Group. 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.

46.1 Credit risk

Credit risk is the risk of the financial loss that would be recognised at the reporting date if counterparties fail to meet its contractual obligations.

Credit risk management

It is the Group'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 Group's counterparties.

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.

In order to mitigate credit risk, the Group 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 Group'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:

	2023	2022
	(Rupees)	
Debt instrument - at fair value through profit or loss	**3,802,300,041**	600,000,000
Debt instrument - at amortised cost	**686,714,948**	-
Trade debts	**4,897,902,353**	4,179,622,743
Long term deposits	**12,242,402**	15,651,202
Loans	**1,885,940,685**	966,242,451
Accrued mark-up and other receivables	**1,449,757,558**	862,366,406
Short term deposits	**37,121,545**	13,417,533
Investments in debt securities	**275,138,636**	1,021,702,293
Bank balances	**1,636,291,495**	2,581,455,657
	14,683,409,663	10,240,458,285

The Group does not take into consideration the value of collateral while testing financial assets for impairment. The Group considers the creditworthiness of counterparties as part of its risk management and utilize collateral under force majeure in extremely difficult situation where recovery appears to be unlikely.

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Trade debts

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

	2023	2022
	(Rupees)	
Domestic (Pakistan)	4,897,902,353	4,179,622,743

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

	2023		2022	
	Gross	Impairment loss	Gross	Impairment Loss
	(Rupees)			
Neither past due nor impaired	4,644,734,899	-	4,021,523,377	-
Past due 1 - 30 days	67,877,119	(31,132)	110,099,223	(31,170)
Past due 31 - 180 days	82,659,599	(3,875,011)	17,918,373	(1,542,467)
More than 180 days	1,052,263,766	(945,726,887)	962,656,852	(931,001,445)
	5,847,535,383	(949,633,030)	5,112,197,825	(932,575,082)

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 2023 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:

Banks	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	AA-	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+

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Concentration of credit risk:

Details of the concentration of credit risk are as follows:

	2023	2022
	(Rupees)	
Central Power Purchasing Agency	**4,753,293,348**	4,013,582,249
Real estate investment trust (REIT)	**4,798,096,333**	615,552,128
Banks	**1,724,835,573**	3,503,157,950
Fertilizer company	**1,586,095,730**	841,519,228
Real estate management company	**996,940,166**	10,192,861
IT Company	**-**	100,000,000
Brokerage clients	**590,436,044**	592,138,012
Steel manufacturing company	**178,147,710**	145,244,887
PSX, NCCPL and PMX	**54,040,553**	26,885,199
Utility companies and CDC	**1,284,736**	2,183,536
Cement manufacturing company	**239,470**	36,671,113
	14,683,409,663	9,887,127,163

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:

	2023			
	Carrying amount	**Contractual cash flows**	**Upto one year**	**More than one year**
	(Rupees)			
Financial liabilities				
Long term loans	**11,268,435,371**	**13,883,197,473**	**2,871,000,000**	**11,012,197,473**
Land lease liability	**12,839,191**	**36,890,000**	**1,360,000**	**35,530,000**
Lease liability against right of use assets	**3,027,336**	**3,236,439**	**2,270,132**	**966,307**
Trade and other payables	**1,235,709,471**	**1,235,709,471**	**1,235,709,471**	**-**
Payable against purchase of investment - net	**-**	**-**	**-**	**-**
Unclaimed dividend	**43,626,818**	**43,626,818**	**43,626,818**	**-**
Short term borrowings	**3,932,066,154**	**3,932,066,154**	**3,932,066,154**	**-**
Mark-up payable	**423,365,310**	**423,365,310**	**423,365,310**	**-**
	16,919,069,651	**19,558,091,665**	**8,509,397,885**	**11,048,693,780**

	2022			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	(Rupees)			
Financial liabilities				
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	-
	15,963,237,988	17,964,997,970	8,035,922,556	9,929,075,414

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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.

Financial assets	**2023**		2022	
	(Rupees)	**(US Dollars)**	(Rupees)	(US Dollars)
Cash in hand	**11,447**	**40**	8,167	40
Bank balances	**11,474,201**	**40,094**	8,185,591	40,094

The following significant exchange rates were applicable during the year:

	Average rates		**Reporting date rate**	
	2023	2022	**2023**	2022
US Dollars to Pakistan Rupee	**247.94**	176.47	**286.18**	204.17

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 2022.

	Effect on profit and loss	
	2023	2022
	(Rupees)	
As at 30 June Effect in US Dollars	**1,148,565**	819,376

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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:

	2023	2022
	(US Dollars)	
Long term loan	**40,000,000**	50,000,000
Accrued markup	**517,925**	404,782
Operational and maintenance payable	**456,445**	456,445
Net exposure	**40,974,370**	50,861,227

The following significant exchange rates applied during the year:

	Average rates		**Rate on 30 June**	
	2023	2022	**2023**	2022
	Rupees		**(Rupees)**	
US Dollar	**247.94**	176.47	**286.18**	204.17

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	
	2023	2022
	(Rupees)	
US Dollar balances	**117,260,452**	103,843,367

A 1% decrease in exchange rate would have had an equal but opposite effect to the amount shown above.

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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	2023	2022
		Carrying amounts (in Rupees)	
Financial assets - variable rate instruments			
Loans to a related parties		**1,885,940,685**	966,242,451
Receivable against reverse repo	17	**108,796,620**	115,089,608
Receivable against margin financing	17	**113,367,759**	404,614,288
Bank balances	19	**1,453,708,732**	2,401,508,898
Short term debt securities	18.2	**88,544,078**	1,021,702,293
Financial liabilities			
Variable rate instruments			
Long term loans	25	**10,300,000,000**	9,498,000,000
Short term finances	32	**3,932,066,154**	4,422,763,535
Fixed rate instruments			
Loan under State Bank of Pakistan scheme	28	**-**	9,654,142
Lease liability against right of use assets	27	**3,027,336**	25,339,668

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.

	Profit and loss 100 bps	
As at 30 June 2023	**Increase Rupees**	**Decrease Rupees**
Variable rate financial liabilities	**(142,320,662)**	**142,320,662**
Variable rate financial assets	**34,484,460**	**(34,484,460)**
As at 30 June 2022		
Variable rate financial liabilities	(139,207,635)	139,207,635
Variable rate financial assets	34,828,410	(34,828,410)

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.

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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 47.

Sensitivity analysis

The table below summarizes the Group's equity price risk as of 30 June 2023 and 2022 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	**2023** (Rupees)	2022
Investments in unquoted equity shares	11	**31,188,188**	42,745,423
Investments in listed shares	18	**6,377,779,240**	9,688,906,755

	Fair value at year end	**Hypothetical price change**	**Estimated fair value after hypothetical change in prices**	**Hypothetical increase / (decrease) in shareholder's equity**	**Hypothetical increase / (decrease) in profit / (loss) before tax**
	(Rupees)				
30 June 2023	**6,408,967,428**	**30% increase**	**8,331,657,656**	**1,557,379,085**	**1,922,690,228**
		30% decrease	**4,486,277,200**	**(1,557,379,085)**	**(1,922,690,228)**
30 June 2022	9,731,652,178	30% increase	12,651,147,831	2,364,791,479	2,919,495,653
		30% decrease	6,812,156,525	(2,364,791,479)	(2,919,495,653)

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46.4 Financial instruments by categories

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

	Mandatorily at FVTPL	FVOCI - Equity Instruments	Designated at FVTPL	Financial assets/ liabilities at amortize cost
	(Rupees)			
30 June 2023				
Financial assets measured at fair value				
Equity securities	6,377,779,240	-	31,188,188	-
Corporate debt securities	3,802,300,041	-	275,138,636	-
Financial assets not measured at fair value				
Debt securities	-	-	-	686,714,948
Cash and bank balances	-	-	-	1,644,267,507
Trade debts	-	-	-	4,897,902,353
Long term deposits	-	-	-	12,242,402
Loans (long term and short term)	-	-	-	1,885,940,685
Accrued mark-up and other receivables	-	-	-	1,449,757,558
Deposits	-	-	-	37,121,545
	10,180,079,281	-	306,326,824	10,613,946,998
Financial liabilities not measured at fair value				
Long term loans	-	-	-	11,268,435,371
Land lease liability	-	-	-	12,839,191
Lease liability against right of use assets	-	-	-	3,027,336
Trade and other payables	-	-	-	1,235,709,471
Payable against purchase of investment - net	-	-	-	-
Unclaimed dividend	-	-	-	43,626,818
Short term borrowings	-	-	-	3,932,066,154
Mark-up payable	-	-	-	423,365,310
	-	-	-	16,919,069,651

	Mandatorily at FVTPL Others	FVOCI - Equity Instruments	Designated at FVTPL	Financial assets/ liabilities at amortize cost
	(Rupees)			
30 June 2022				
Financial assets measured at fair value				
Equity securities	9,688,906,755	-	42,745,423	-
Debt securities	600,000,000	-	1,021,702,293	-
Financial assets not measured at fair value				
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
	10,288,906,755	-	1,064,447,716	8,255,275,151
Financial liabilities not measured at fair value				
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
	-	-	-	15,963,237,988

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

	Liability				Equity			
	Short term borrowings used for cash management purpose including related accrued 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**	**Total**
	---------- (Rupees) ----------							
Balance as at 1 July 2022	**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**
Changes from financing cash flows								
Repayment of loan	-	(2,612,200,000)	-	-	-	-	-	(2,612,200,000)
Repayment of loan to Javedan Corporation Limited	-	-	-	-	-	-	-	-
Proceeds from loan under SBP scheme	-	-	-	-	-	-	-	-
Repayment of loan under SBP scheme	-	(9,654,142)	-	-	-	-	-	(9,654,142)
Lease rentals paid	-	-	(22,633,124)	(1,360,000)	-	-	-	(23,993,124)
Dividend paid	-	-	-	-	-	(1,633,500,000)	-	(1,633,500,000)
Distribution by subsidiaries to	-	-	-	-	-	-	-	-
non-controlling interest	-	-	-	-	-	-	(349,107,891)	(349,107,891)
Total changes from financing activities	-	(2,621,854,142)	(22,633,124)	(1,360,000)	-	(1,633,500,000)	(349,107,891)	(4,628,455,157)
Other changes								
Interest expense	871,386,681	1,256,423,116	1,462,155	-	-	-	-	2,129,271,952
Interest paid	(718,004,082)	(1,191,131,612)	-	-	-	-	-	(1,909,135,694)
Termination / modifications to lease liabilities	-	-	(1,141,363)	-	-	-	-	(1,141,363)
Transfer from revaluation reserve to retained earnings	-	-	-	-	(7,597,500)	7,597,500	-	-
Amortisation of land lease rent	-	-	-	1,744,534	-	-	-	1,744,534
Disposal of subsidiary	-	-	-	-	-	-	(15,598,595)	(15,598,595)
Transaction cost relating to long term loan	-	109,608,953	-	-	-	-	-	109,608,953
Impact of revaluation of foreign liability	-	3,796,200,000	-	-	-	-	-	3,796,200,000
Acquisition of equity interest in subsidiary without change in control	-	-	-	-	-	299,595,480	(532,934,841)	(233,339,361)
Changes in running finance - net	(490,697,381)	-	-	-	-	-	-	(490,697,381)
Total loan related other changes	(337,314,782)	3,971,100,457	320,792	1,744,534	(7,597,500)	307,192,980	(548,533,436)	3,386,913,045
Total equity related other changes	-	-	-	-	-	3,410,166,642	398,252,740	3,808,419,382
Balance as at 30 June 2023	4,206,735,082	11,417,131,753	3,027,336	12,839,191	4,027,402,665	26,004,636,795	3,070,755,570	48,742,528,392
Difference	-	-	-	-	-	-	-	-
Principal	3,932,066,154	11,268,435,371	3,027,336	12,839,191	-	-	-	-
Mark-up	274,668,928	148,696,382	-	-	-	-	-	-
Equity	-	-	-	-	4,027,402,665	26,004,636,795	3,070,755,570	-
	4,206,735,082	11,417,131,753	3,027,336	12,839,191	4,027,402,665	26,004,636,795	3,070,755,570	48,742,528,392

	Liability				Equity			
	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	Total
	---------- (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
Changes from financing cash flows								
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)
Total changes from financing activities	-	(1,862,869,744)	(60,916,855)	-	-	(1,225,125,000)	(181,541,160)	(3,330,452,759)
Other changes								
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 change in control	-	-	-	-	-	(175,583,354)	337,493,354	161,910,000
Changes in running finance - net	985,710,176	-	-	-	-	-	-	985,710,176
Total loan related other changes	1,080,024,883	2,833,413,254	23,310,809	384,543	-	(175,583,354)	337,493,354	4,099,043,489
Total equity related other changes	-	-	-	-	(19,404,859)	3,454,315,697	528,626,023	3,963,536,861
Balance as at 30 June 2022	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
Difference	-	-	-	-	-	-	-	-
Principal	4,422,763,535	9,984,480,560	25,339,668	12,454,657	-	-	-	-
Mark-up	121,286,329	83,404,878	-	-	-	-	-	-
Equity	-	-	-	-	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

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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.

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	30 June 2023							
	Carrying amount					Fair value		
	Mandatorily / designated at FVTPL	FVOCI - Equity Instruments	Financial assets at amortized cost	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)							
Financial assets measured at fair value								
Equity securities	**6,408,967,428**	**-**	**-**	**-**	**-**	**6,377,779,240**	**-**	**31,188,188**
Debt securities	**4,077,438,677**	**-**	**-**	**-**	**-**	**1,060,722,161**	**2,075,316,515**	**941,400,000**
Financial assets not measured at fair value								
Debt Securities			**686,714,948**	**-**	**-**	**-**	**-**	**-**
Cash and bank balances	**-**	**-**	**1,644,267,507**	**-**	**-**	**-**	**-**	**-**
Trade debts	**-**	**-**	**4,897,902,353**	**-**	**-**	**-**	**-**	**-**
Deposits	**-**	**-**	**49,363,947**	**-**	**-**	**-**	**-**	**-**
Loans (long term and short term)	**-**	**-**	**1,885,940,685**	**-**	**-**	**-**	**-**	**-**
Accrued mark-up and other receivables	**-**	**-**	**1,449,757,558**	**-**	**-**	**-**	**-**	**-**
	10,486,406,105	**-**	**10,613,946,998**	**-**	**-**			
Financial liabilities not measured at fair value								
Long term loans	**-**	**-**	**-**	**-**	**11,268,435,371**	**-**	**-**	**-**
Land lease liability	**-**	**-**	**-**	**-**	**12,839,191**	**-**	**-**	**-**
Lease liability against right of use assets	**-**	**-**	**-**	**-**	**3,027,336**	**-**	**-**	**-**
Trade and other payables	**-**	**-**	**-**	**-**	**1,235,709,471**	**-**	**-**	**-**
Payable against purchase of investment - net	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Unclaimed dividend	**-**	**-**	**-**	**-**	**43,626,818**	**-**	**-**	**-**
Short term borrowings	**-**	**-**	**-**	**-**	**3,932,066,154**	**-**	**-**	**-**
Mark-up payable	**-**	**-**	**-**	**-**	**423,365,310**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**16,919,069,651**			

	30 June 2023							
	Carrying amount					Fair value		
	Mandatorily / designated at FVTPL	FVOCI - Equity Instruments	Financial assets at amortized cost	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)							
Financial assets measured at fair value								
Equity securities	9,731,652,178	-	-	-	-	9,688,906,755	-	42,745,423
Debt securities	1,621,702,293	-	-	-	-	-	1,021,702,293	600,000,000
Financial assets not measured at fair value								
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	-	-	-	-	-
	11,353,354,471	-	8,255,275,151	-	-			
Financial liabilities not measured at fair value								
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	-	-	-
	-	-	-	-	15,963,237,988			

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The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Unlisted debt instruments		Unlisted equity instruments	
	2023	2022	**2023**	2022
	(Rupees)		(Rupees)	
Balance at 1 July	**600,000,000**	-	**42,745,423**	54,754,771
Investment made during the year	**-**	600,000,000	**9,006,818**	-
Investment disposed during the year	**-**	-	**(15,251,920)**	-
Total gains recognised in consolidated statement of profit or loss on remeasurement of investment	**341,400,000**	-	**(5,312,133)**	(12,009,348)
Balance at 30 June	**941,400,000**	600,000,000	**31,188,188**	42,745,423

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.

47.1 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 assumptions
Non-financial assets at fair value		
Investment Properties Level 2	30 June 2023	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.
Financial assets at fair value		
Equity securities - unquoted Level 3	30 June 2023	This investment is valued using the discounted cashflow technique. The valuation model considers the present value of future cash flow of investee company, ISE Towers REIT Management Company Limited (ISE) discounted using a risk-adjusted discount rate. The cash flow projection include specific estimates for 5 years.
Term Finance Certificates (TFCs) Level 2	30 June 2023	This investment is valued using market comparison approach. The fair value is determined considering trade notes quoted by MUFAP.
Silk Islamic Development REIT (SIDR) Level 3	30 June 2023	The Company has valued this investment on fair value basis using the discounted cashflow technique, considering the progress on the project. This method considers the present value of all future proceeds from SIDR, discounted using a risk adjusted discount rate which is taken at 20.05%. The cash flow projections include specific estimates for the entire life of the project which is estimated to be 10 years from the balance sheet date. Further, discounting due to lack of marketability factor (DLOM) is taken at 25% on the present value of all future proceeds.

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Assets measured at fair value	Date of valuation	Valuation approach and assumptions
Naya Nazimabad Apartment REIT (NNAR) Level 2	June 30, 2023	The Company has valued this investment on fair value basis using the assumption that the primary asset of NNAR comprises parcels of land, these parcels have undergone valuation by an independent third-party valuer as of June 30, 2023. Using the assessed value of land as a basis, the company has computed the proportionate fair value of its investment in NNAR.
Rahat Residency REIT (RRR) Level 2	June 30, 2023	The Company has valued this investment on fair value basis using the assumption that the primary asset of RRR comprises parcels of land, these parcels have undergone valuation by an independent third-party valuer as of June 30, 2023. Using the assessed value of land as a basis, the company has computed the proportionate fair value of its investment in RRR.

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements together with a quantitative sensitivity analysis.

Assets measured at fair value	Unobservable inputs	Relationship of unobservable inputs to fair value
Equity securities unquoted Level 3	Long term growth rate 5%	The higher the long term growth, the higher the fair value.
	Long term return on equity 15.20%	The higher the long term return on equity, the lower the fair value.
Silk Islamic Development REIT (SIDR) Level 3	Risk-adjusted discount rate 20.05%	1% increase in the risk adjusted discount rate would result in decrease in fair value by Rs. 60.75 million; 1% decrease in the risk adjusted discount rate would result in increase in fair value by Rs. 65.8 million as at 30 June 2023.
	Discount for lack of marketability (DLOM) 25%	3% increase / (decrease) in DLOM factor would result in increase / (decrease) in fair value by Rs. 37.66 million as at 30 June 2023.

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;

	2023	2022
	(Rupees)	
Total assets	**7,785,988,851**	8,985,828,345
Less: total liabilities	**(2,799,617,408)**	(3,757,503,512)
Less: revaluation reserves (created upon revaluation of fixed assets)	**(7,835,000)**	(15,432,500)
Capital adequacy level	**4,978,536,443**	5,212,892,333

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.

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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 43 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	2023 (Rupees)	2022
Associates			
Fatima Fertilizer Company Limited	Dividend received	1,116,500,721	1,116,500,721
	Markup on loan	157,204,633	-
MCB - Arif Habib Savings and Investments Limited	Dividend received	21,664,167	102,904,793
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	8,160,000,000	1,725,000,000
	Loan repaid	8,188,433,492	1,753,433,492
	Markup on loan	186,601,145	23,102,714
	Guarantee commission	1,302,456	2,028,465
	Dividend income	-	58,143,232
Power Cement Limited	Loan extended	-	1,000,000,000
	Loan repaid	-	1,000,000,000
	Markup on loan	-	3,406,987
	Guarantee commission	847,680	1,037,120
Safe Mix Concrete Limited	Loan extended	-	173,600,000
	Loan repaid	18,118,274	155,481,726
	Markup on loan	579,859	1,818,274

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

Name of the related party	Transactions during the year	2023	2022
		(Rupees)	
Javedan Corporation Limited	Mark-up income on loan	**38,186,056**	12,915,710
	Mark-up paid on loan	**-**	20,157,189
	Loan extended	**966,250,000**	380,000,000
	Loan recovered	**-**	380,000,000
	Loan obtained	**750,000,000**	1,780,000,000
	Loan repaid	**1,550,000,000**	980,000,000
	Loan receivable	**966,250,000**	-
	Dividend income/received	**152,244,468**	-
	Brokerage commission on sale of securities	**566,918**	322,500
	Advance against booking of flats	**-**	64,942,880
	Sale of investment property	**-**	1,410,000,000
	Development charges paid	**12,957,220**	22,375,601
	Trade receivable at year end	**244,692**	80,000
	Advance against committed sale of investment property	**-**	64,942,880
	Loan payable	**-**	800,000,000
	Mark-up receivable	**30,690,166**	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
	Trade receivable	**-**	10,556
	Trade payable	**44**	-
Globe Residency REIT	Amount paid against purchase of residential flats	**183,806,134**	-
	Revenue earned	**829,829**	-
	Advance against committed sale of investment property	**248,749,014**	-
Signature Residency REIT	Advance given for the purchase of units	**133,298,960**	-
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of utilities, insurance and maintenance charges	**51,633,460**	70,110,597
	Brokerage Commission Earned	**284,286**	616,807
	Prepaid rent	**-**	746,370
	Payable against monthly expense	**1,024,446**	-
	Trade Receivable	**-**	4,194
Arif Habib Securities Limited - Employees Provident Fund	Contribution paid	**3,399,607**	2,889,362
Arif Habib Equity (Private) Limited	Brokerage Commission Earned	**1,882,801**	826,625
	Trade Receivable	**-**	20,208

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

Name of the related party	Transactions during the year	2023	2022
		(Rupees)	
Arif Habib Limited - Provident Fund	Contribution paid	**10,658,679**	10,530,000
Key management personnel			
Mr. Arif Habib (CEO of the Parent Company)	Dividend paid	**1,315,683,868**	986,762,901
	Brokerage commission earned	**2,891,069**	6,534,591
	Loan obtained	**2,412,700,000**	-
	Loan repaid	**2,412,700,000**	-
	Markup on loan charged / Paid	**21,130,862**	-
	Markup payable	**4,723,973**	-
	Trade Receivable	**23,238**	-
	Trade Receivable	**-**	51,962
Mr. Asadullah Khawaja (Director of Parent Company)	Meeting fee paid	**200,000**	200,000
	Dividend Paid	**324,024**	243,018
Mr. Sirajuddin Cassim (Director of Parent Company)	Meeting fee paid	**-**	300,000
	Dividend Paid	**-**	689,679
Ms. Zeba Bakhtiar (Director of Parent Company)	Meeting fee paid	**200,000**	200,000
	Dividend Paid	**400**	300
Mr. Khawaja Jalaluddin Roomi (Director of Parent Company)	Meeting fee paid	**275,000**	-
	Dividend Paid	**12,946,000**	-
Zafar Alam (Chairman of Subsidiary company)	Brokerage Commission earned	**77,818**	189,239
	Balance payable at year end	**3,726**	52,721
Muhammad Shahid Ali (CEO of Subsidiary Company)	Brokerage commission earned	**9,867,252**	9,842,849
	Balance payable at year end	**60,409,046**	108,175,990
Muhammad Haroon (Director of subsidiary company)	Brokerage commission earned	**283,438**	414,630
Sharmin Shahid (Director of subsidiary company)	Brokerage commission earned	**102,551**	1,087,016
	Balance receivable at year end	**4,186**	4,283
Nida Ahsan (Director of subsidiary company)	Brokerage commission earned	**1,040,280**	706,454
	Balance payable at year end	**24,641**	-
	Balance receivable at year end	**684**	7,928

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

Name of the related party	Transactions during the year	2023	2022
		(Rupees)	
Mohsin Madni (CFO Parent Company & Director Subsidiary Company)	Brokerage commission earned	15,652	12,253
	Balance payable at year end	109,517	485
Samad A. Habib (Director of Parent Company)	Brokerage commission earned	666,540	683,323
	Dividend paid	4,024	3,018
	Balance receivable at year end	576,799	1,667,893
Kashif A. Habib (Director of Parent Company)	Brokerage commission earned	54,876	-
	Balance receivable at year end	-	12,666
	Dividend paid	141,160	105,870
	Balance payable at year end	1,879	-
Mr. Nasim Beg (Director of Parent Company)	Dividend paid	8,312	15,234
	Comission paid	21,664,167	-
Mr. Muhammad Ejaz (Director of Parent Company)	Dividend paid	484	363
Ahsan Mehnti (Director of Subsidiary Company)	Liability adjusted against receivable	-	3,862,500
	Commission paid	-	12,732,444
	Balance receivable	-	45,569,134
	Commission payable	3,472,972	-
Muhammad Sohail Salat (Director of Subsidiary Company)	Balance receivable	1,199	599

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 RCPL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

	2023				
	Capital market operations	**Brokerage**	**Energy Development**	**Others**	**Consolidated**
	(Rupees)				
Revenue	**663,719,964**	**1,571,269,739**	**5,673,293,630**	**41,541,567**	**7,949,824,900**
(Loss) / gain on remeasurement of investments - net	**(20,480,196)**	**261,129,204**			**240,649,008**
Loss on remeasurement of investment property	**-**	**(1,016,769,380)**	**-**	**-**	**(1,016,769,380)**
Gain / (loss) on sale of securities - net	**585,215,931**	**(492,669,895)**	**-**	**-**	**92,546,036**
Gain on sale of investment properties	**-**	**1,261,550,827**	**-**	**-**	**1,261,550,827**
	1,228,455,699	**1,584,510,495**	**5,673,293,630**	**41,541,567**	**8,527,801,391**
Cost of energy sales	**-**	**-**	**(1,603,165,283)**	**-**	**(1,603,165,283)**
Administrative expenses	**(166,142,139)**	**(605,278,782)**	**(397,460,809)**	**(78,219,874)**	**(1,247,101,604)**
	1,062,313,560	**979,231,713**	**3,672,667,538**	**(36,678,307)**	**5,677,534,504**
Other income	**3,291,891**	**42,025,926**	**152,690**	**1,529,885**	**47,000,392**
	1,065,605,451	**1,021,257,639**	**3,672,820,228**	**(35,148,422)**	**5,724,534,896**
Finance cost and other charges	**(520,606,725)**	**(661,848,152)**	**(1,142,429,997)**	**(17,730)**	**(2,324,902,604)**
	544,998,726	**359,409,487**	**2,530,390,231**	**(35,166,152)**	**3,399,632,292**
Share of profit from equity accounted associates - net of tax	**2,098,147,561**	**-**	**-**	**-**	**2,098,147,561**
Segment results	**2,643,146,287**	**359,409,487**	**2,530,390,231**	**(35,166,152)**	**5,497,779,853**
Taxation	**(1,449,402,744)**	**(167,430,009)**	**(66,578,524)**	**(538,393)**	**(1,683,949,670)**
Profit after tax	**1,193,743,543**	**191,979,478**	**2,463,811,707**	**(35,704,545)**	**3,813,830,183**

	2022				
	Capital market operations	Brokerage	Energy Development	Others	Consolidated
	(Rupees)				
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)
Unrealised 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
Segment results	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)
Profit after tax	1,218,953,476	826,057,956	1,965,584,518	(1,958,906)	4,008,637,044

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2023

	2023				
	Capital market operations	**Brokerage**	**Energy Development**	**Others**	**Consolidated**
	(Rupees)				
Other information					
Segment assets	**10,267,524,766**	**7,729,737,845**	**23,697,424,717**	**42,524,184**	**41,737,211,512**
Investment in equity accounted associates	**16,042,756,743**	**-**	**-**	**-**	**16,042,756,743**
	26,310,281,509	**7,729,737,845**	**23,697,424,717**	**42,524,184**	**57,779,968,255**
Segment liabilities	**5,993,701,790**	**2,756,881,353**	**11,836,417,743**	**6,422,339**	**20,593,423,225**
Capital expenditure	**4,613,526**	**481,024**	**2,270,955**	**600,000**	**7,965,505**
Depreciation and amortisation	**15,949,934**	**46,476,332**	**1,083,281,195**	**483,066**	**1,146,190,527**
Expenses other than depreciation and amortisation	**(150,192,205)**	**(558,802,450)**	**(917,344,897)**	**(77,736,808)**	**(1,704,076,360)**

	2022				
	Capital market operations	Brokerage	Energy Development	Others	Consolidated
	(Rupees)				
Other information					
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
Segment liabilities	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)

Reconciliations of reportable segment revenues, profit or loss

Operating revenues	**2023**	2022
	(Rupees)	
Total revenue for reportable segments	**10,590,610,376**	7,036,332,527
Elimination of inter-segment revenue	**(2,640,785,476)**	(1,654,832,618)
Consolidated revenue	**7,949,824,900**	5,381,499,909

Profit or loss	**2023**	2022
	(Rupees)	
Total profit or loss before tax for reportable segments	**1,647,605,436**	6,537,586,659
Elimination of inter-segment revenue / expense	**2,166,224,747**	(2,528,949,615)
Consolidated profit before tax	**3,813,830,183**	4,008,637,044

50.1 CAPACITY AND PRODUCTION

	2023	2022
	(Megawatt hours)	
Sachal Energy Development (Private) Limited		
Annual benchmark energy	**136,500**	136,500
Actual energy delivered	**108,554**	131,375

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 30th June 2023

51. NUMBER OF EMPLOYEES

	2023	2022
Parent Company:		
Number of employees as at 30 June	**25**	25
Average number of employees	**24**	24
Subsidiary Company, AHL:		
Number of employees as at 30 June	**168**	177
Average number of employees	**163**	189
Subsidiary Company, RCPL:		
Number of employees as at 30 June	**14**	12
Average number of employees	**13**	15
Subsidiary Company, BGPL:		
Number of employees as at 30 June	**3**	3
Average number of employees	**3**	3
Subsidiary Company, SEDPL:		
Number of employees as at 30 June	**55**	53
Average number of employees	**56**	52

52. CORRESPONDING FIGURES

Comparative information has been reclassified or re-arranged in these unconsolidated financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current year, having insignificant impact.

53. NON ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors of AHL has proposed a final cash dividend of Rs. 2.5 (2022: Rs. 6) per share amounting to Rs. 163.35 million (2022: Rs. 392.04 million) at its meeting held on 27 September 2023 for the approval of the members at the annual general meeting. These consolidated financial statements for the year ended 30 June 2023 do not include the effect of the proposed final cash dividend which will be accounted in the year ending 30 June 2024.

The Board of Directors of SEDPL in their meeting held on 24 August, 2023 have recommended a cash dividend of Rs. 2.5 per share, amounting to Rs. 800 million, subject to necessary consent, for approval of shareholders in Annual General Meeting. These consolidated financial statements for the year ended 30 June 2023 do not include the effect of the proposed final cash dividend which will be accounted in the year ending 30 June 2024.

54. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been authorised for issue on 28 September 2023 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 1st July to 30th June as the Financial Year.

  For the Financial Year ending on 30th June 2024, Financial Results will be announced as per the following tentative schedule:

1st quarter ending	30th September 2023	Last Week of October, 2023	2nd quarter ending	31st December 2023	Last Week of February, 2024
3rd quarter ending	31st March 2024	Last Week of April, 2024	Year ending	30th June 2024	Last Week of September, 2024

- ## ISSUANCE OF ANNUAL REPORT

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

- ## 29th ANNUAL GENERAL MEETING

  The 29th Annual General Meeting of the Shareholders of Arif Habib Corporation Limited ("the Company") will be held on Saturday, 28th October, 2023 at 10:00 a.m. at the PSX Auditorium, Stock Exchange Building, Stock Exchange Road, Karachi.

Shareholders' Information

REGISTERED & CORPORATE OFFICE

Arif Habib Centre
23, M.T. Khan Road Karachi-74000
Tel: (021) 32460717-9 Fax No: (021) 32429653, 32468117
Email: info@arifhabibcorp.com Website: www.arifhabibcorp.com

SHARE REGISTRAR OFFICE

CDC Share Registrar Services Limited
CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi
Tel: (021) 111-111-500 Toll Free:0800-23275
Fax: (021) 34326053
URL: www.cdcrsl.com
Email: info@cdcrsl.com

LISTING ON STOCK EXCHANGE

AHCL equity shares are listed on Pakistan Stock Exchange (PSX).

STOCK CODE

The stock code for dealing in equity shares of the Company at the stock exchanges is AHCL.

INVESTOR SERVICE CENTRE

AHCL share department is operated by CDC Share Registrar Services Limited. It also functions as an Investor Service Centre managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. Team is headed by Mr. Abdus Samad at Registrar office and Company Secretary at AHCL Registered office. For assistance, queries, complaints and redressal of grievances, shareholders may contact either the registered office or the Share Registrar office.

CONTACT PERSONS:

Mr. Manzoor Raza
Tel: (021) 32467456
Email: manzoor.raza@arifhabibcorp.com

Mr. Mohsin Rajab Ali
Tel: (021) 111-111-500
Email: mohsin_rajabali@cdcrsl.com

STATUTORY COMPLIANCE

During the year the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant information as required under the Companies Act, 2017 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations.

BOOK CLOSURE DATES

The Share transfer books of the company will remain closed from 20th October 2023 to 28th October 2023 (both days inclusive). Transfers received in order at the office of our registrar: M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi, by the close of business on Thursday, 19th October 2023 will be treated in time for the determination of entitlement of shareholders to attend and vote at the meeting.

LEGAL PROCEEDINGS

No case has been filed by shareholders against the Company for non-receipt of share / dividend.

GENERAL MEETINGS & VOTING RIGHTS

Pursuant to Section 132 of the Companies Act, 2017 AHCL holds a General Meeting of Shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also published in at least one English and one Urdu newspaper having circulation in all provinces.

PROXIES

Pursuant to Section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at General Meeting of the Company can appoint another member as his/her proxy to attend and vote at the meeting. Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy. The instrument appointing proxy, duly signed by the shareholder should be deposited at the office of the Share Registrar of the Company not less than 48 hours before the meeting.

WEB PRESENCE

The website of the company has been redesigned to give an investor friendly look. Further, the website has been updated in accordance with statutory guidelines issued by regulator from time to time. Updated information about the Company and its affiliates can be accessed at AHCL web site, www.arifhabibcorp.com

SHAREHOLDING PATTERN

The shareholding pattern of the equity share capital of the Company as on 30th June 2023 along with categories of shareholders are given on page 35 of this report.

Notice of Twenty Ninth Annual General Meeting

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Shareholders of Arif Habib Corporation Limited "the Company" will be held on Saturday, 28th October 2023 at 10:00 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 Annual General Meeting held on 28th October 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 30th June 2023 together with the Audited Consolidated Financial Statements of the Company and the Auditors' Reports thereon for the year ended 30th June 2023.

In accordance with Section 223(7) of the Companies Act, 2017and SRO 389(I)/2023 dated 21st March 2023, the financial statements of the Company can be accessed through following weblink and QR enabled code.

https://www.arifhabibcorp.com/financialsnapshots.php

3) To appoint the Auditors for the year ending 30th June 2024 and fix their remuneration. The Board of Directors has recommended for reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants as external auditors.

Special Business

4) To approve the following in connection with transactions with related parties :

i- approval of related parties transactions / arrangements / agreements / balances as disclosed in audited financial statements for the year ended 30th June 2023

ii- authorize the Board of Directors of the Company to approve those transactions with related parties (if executed) during the financial year ending 30th June 2024 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 transactions / arrangements / agreements / balances with related parties as disclosed in the audited financial statements for the year ended 30th June 2023 be and are hereby approved.

Further 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 30th June 2024.

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).

5) 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.

- fresh limit of additional investment amounting to Rs.3,000 Million be allocated for the REIT Schemes under management of Arif Habib Dolmen REIT Management Ltd. (associated company), subject to the terms and conditions as mentioned in Annexure-B of Statement under Section 134(3), to be utilised in any form / nature of investment including equity, loans, advances, running finance, guarantee, indemnity, pledge of shares etc., valid for a period upto next annual general meeting, which shall be renewable thereon for further period(s) as specified.

- renewal of following unutilised limits of equity investment, and sanctioned limits of loans / advances / guarantees etc. 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), for a period upto next annual general meeting, unless specifically approved for a longer period, and shall be renewable thereon for further period(s) as specified.

<table>
<tr><th rowspan="3">Sr.</th><th rowspan="3">Name of Associated Companies & Undertakings</th><th colspan="2">------------ Amount in million ------------</th></tr>
<tr><th colspan="2">Renewal Requested</th></tr>
<tr><th>Unutilised Equity Portion</th><th>Sanctioned Loan/ Advance/ Guarantee etc</th></tr>
<tr><td></td><td></td><td>PKR</td><td>PKR / USD</td></tr>
<tr><td>1</td><td>Javedan Corporation Ltd.</td><td>1,359</td><td>PKR 3,132</td></tr>
<tr><td>2</td><td>Arif Habib Ltd.</td><td>257</td><td>PKR 5,500</td></tr>
<tr><td>3</td><td>MCB-Arif Habib Savings and Investments Ltd. (Now: MCB Investment Management Ltd.)</td><td colspan="2">To be lapsed</td></tr>
<tr><td>4</td><td>Pakarab Fertilizers Ltd.</td><td colspan="2">* To be merged with Fatima Fertilizer Company Limited</td></tr>
<tr><td>5</td><td>Fatima Fertilizer Company Ltd.</td><td>*2,800</td><td>*PKR 2,000</td></tr>
<tr><td>6</td><td>Rotocast Engineering Co. (Pvt.) Ltd.</td><td>300</td><td>PKR 500</td></tr>
<tr><td>7</td><td>Arif Habib Dolmen REIT Management Ltd.</td><td>1,000</td><td>PKR 500</td></tr>
<tr><td>8</td><td>Aisha Steel Mills Ltd.</td><td>706</td><td>PKR 8,146 plus USD 80</td></tr>
<tr><td>9</td><td>Power Cement Ltd.</td><td>789</td><td>PKR 1,500 plus USD 49</td></tr>
<tr><td>10</td><td>Sachal Energy Development (Pvt.) Ltd.</td><td>754</td><td>PKR 1,000 plus USD 100</td></tr>
<tr><td>11</td><td>Safe Mix Concrete Ltd.</td><td>250</td><td>PKR 250</td></tr>
<tr><td>12</td><td>Dolmen City REIT</td><td colspan="2" rowspan="2">** To be merged with REITS under management of Arif Habib Dolmen REIT Management Ltd</td></tr>
<tr><td>13</td><td>Pakistan Corporate CBD REIT</td></tr>
<tr><td>14</td><td>REIT Schemes under management of Arif Habib Dolmen REIT Management Ltd.</td><td>**11,259</td><td>***</td></tr>
</table>

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 that:

* consequent to sanction of the Scheme of Arrangement by Honourable Lahore High Court for merger/ amalgamation of Pakarab Fertilizers Limited (PAFL) into Fatima Fertilizer Company Limited (Fatima), transfer / merger of respective approved limits of PAFL for equity and running finance investments into existing approved limits of Fatima is hereby approved.

** unutilised approved equity investment limits of Rs.799 Million pertaining to Dolmen City REIT and Rs.1,721 million pertaining to Pakistan Corporate CBD REIT, be hereby approved to be merged with additional and unutilised limits allocated for the REIT Schemes under management of Arif Habib Dolmen REIT Management Ltd. (associated company), to be utilized in any form / nature of investment including equity, loans, advances, running finance, guarantee, indemnity, pledge of shares etc.”

*** unutilized equity investment limit of Rs.8,740 Million for the REIT Schemes under management of Arif Habib Dolmen REIT Management Ltd. (associated company), be hereby approved to be utilized in any form/ nature of investment including equity, loans, advances, running finance, guarantee, indemnity, pledge of shares etc.

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.

6) To approve circulation of the Annual Audited Financial Statements (including Balance Sheet, Profit and Loss Account, Auditor's Report, Director's Report and other reports contained therein) to Members of the Company through QR enabled code and weblink, by passing the following ordinary resolution with or without modification:

Resolved that, as allowed by the Securities and Exchange Commission of Pakistan vide S.R.O. 389(I)/2023 dated 21st March 2023, circulation of Annual Audited Financial Statements of the Company to Members through QR enabled code and weblink instead of CD/DVD/USB be and is hereby approved.

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 businesses is being sent to the shareholders along with this notice.

By order of the Board

Manzoor Raza
Company Secretary

Karachi: 7th October 2023

Notes:

1. Share transfer books of the Company will remain closed from 20th October 2023 to 28th October 2023 (both days inclusive). Transfers received in order at the office of our registrar: M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi [AHCL's Share Registrar (CDCSRSL)], by the close of business on Thursday, 19th October 2023 will be treated in time for the determination of entitlement of shareholders to attend and vote at the meeting.

2. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.

3. Procedure including the guidelines as laid down in Circular No. I- Reference No. 3(5-A) Misc/ARO/LES/96 dated 26th January 2000 issued by Securities & Exchange Commission of Pakistan:

   i. Members, proxies or nominees shall authenticate their identity by showing their original national identity card or original passport and bring their folio numbers at the time of attending the meeting.

   ii. In the case of corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.

iii. In order to be effective, the proxy forms must be received at the office of AHCL's Share Registrar (CDCSRSL) not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.

iv. In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

v. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy form.

4. Online Participation in the Annual General Meeting

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. Accordingly, those members and participants who desire online participation in the AGM are requested to register themselves by sending an email along with following particulars and valid copy of both sides of their CNIC at corporate.affairs@arifhabibcorp.com with subject of 'Registration for AHCL AGM 2023' 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.

5. 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.

6. Vote Casting In-Person or Through Proxy

Polling booth will be established at the place of physical gathering of the AGM for voting.

7. E-Voting / Postal Ballot

Members are hereby notified that pursuant to the Companies (Postal Ballot) Regulations, 2018 read with Sections 143-144 of the Companies Act, 2017 and SRO 2192(1)/2022 dated 5th December 2022, members will be allowed to exercise their right to vote for the special business(es) in accordance with the conditions mentioned therein. Following options are being provided to members for voting:

i) E-Voting Procedure

(a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on 19th October 2023.

(b) The web address, login details and password will be communicated to members via email. The security codes will be communicated to members through SMS and email from web portal of the e-voting service provider.

(c) Identity of the members intending to cast vote through E-Voting shall be authenticated through electronic signature or authentication for login.

(d) E-Voting lines will start from 25th October 2023, 9:00 a.m. and shall close on 27th October 2023 at 5:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a member, he / she shall not be allowed to change it subsequently.

ii) Postal Ballot

(a) Members may alternatively opt for voting through postal ballot. Ballot Paper shall also be available for download from the website of the Company at www.arifhabibcorp.com or use the same as annexed to this Notice and published in newspapers.

(b) The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at Arif Habib Centre, 23 M. T. Khan Road, Karachi (Attention of the Company Secretary) OR through the registered email address of shareholder at chairman.generalmeeting@arifhabibcorp.com with subject of 'Postal Ballot for AHCL AGM 2023 by Friday, 27th October 2023 before 5:00 p.m. The signature on the ballot paper shall match with the signature on CNIC. A postal ballot received after this time / date shall not be considered for voting.

(c) Please note that in case of any dispute in voting including the casting of more than one vote, the Chairman shall be the deciding authority.

Note :

In accordance with the Regulation 11 of the Companies (Postal Ballot) Regulations, 2018, the Board of the Company has appointed M/s. UHY Hassan Naeem & Co. Chartered Accountants, (a QCR rated audit firm) to act as the Scrutinizer of the Company for the special business to be transacted in the meeting (Agenda # 5 pertaining to approval for Investments in associates under section 199 of the Companies Act, 2017), and to undertake other responsibilities as defined in Regulation 11A of the Regulations. Qualification & experience are mentioned on their website (www.uhy-hnco.com/) in detail.

8. Distribution of Annual Report

The audited financial statements of the Company together with the auditors' report, directors' report and the chairman's review report for the year ended 30th June 2023 (Annual Report) have been made available on the Company's website (www.arifhabibcorp.com) in addition to annual and quarterly financial statements for the prior years. In line with the requirements of section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Report through email to shareholders whose email addresses are available with AHCL's Share Registrar (CDCSRSL). In those cases, where email addresses are not available with AHCL's Share Registrar (CDCSRSL), Annual Report is dispatched to the members through CD, along-with printed notices of AGM including the QR enabled code / weblink to download the same.

9. 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 (CDCSRSL) in connection with following :

- Submission of copies of their valid / updated CNIC / NTN Certificate / Zakat Declaration (Exemption) Form / Tax Exemption Certificate

- Provision of relevant details including valid bank account details / IBAN in order to enable the Company to pay any unclaimed / future cash dividends, if any

- In case of a Joint account, provision of shareholding proportions between Principal shareholder and Joint Holder(s)

- Convert their physical shares into scrip less form, which will also facilitate the shareholders having physical shares in many ways, including safe custody, efficient trading and convenience in other corporate actions.

- 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, including mobile number / landline number and email address (if available).

- Promptly notify any change in mailing address, email address and mobile number by writing to the office of AHCL's Share Registrar (CDCSRSL).

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. 4, 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 businesses, except in their capacity as director / shareholder.

Statement Under Section 134(3) Of The Companies Act, 2017

ANNEXURE - B (AGENDA # 4)

Approval of transactions with related parties

In compliance with applicable laws, related party transactions are approved by the Board as recommended by the Audit Committee on a quarterly basis. As common directors may be deemed to be interested in certain related party transactions due to their directorship and / or shareholding in the associated companies / related parties, the Board, in order to promote transparency, is seeking shareholders' approval for related party transactions / arrangements / agreements / balances as disclosed in the audited financial statements for the year ended 30th June 2023.

Authorization for the Board of Directors to approve those transactions with related parties (if executed) during the financial year ending 30th June 2024 which require approval of shareholders u/s 207 and / or 208 of the Companies Act, 2017

The Company shall be conducting transactions with its related parties during the year ending 30th June 2024 as per the approved policy with respect to 'transactions with related parties'. Being the directors of multiple companies, many Directors may be deemed to be treated as interested in transactions with related parties due to their common directorships and/or shareholding. In order to promote good corporate governance and transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis, including transactions (if executed) triggering approval of shareholders u/s 207 and / or 208 of the Companies Act, 2017, for the year ending 30th June 2024, 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 AGM 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 (AGENDA # 5)

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 REIT Schemes under management of Arif Habib Dolmen REIT Management Limited, 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.

Investment in any form / nature including equity, loans, advances, running finance, guarantee, indemnity, pledge of shares etc.

A - Disclosures for all types of investments

Ref. No.	Requirement	Information
I	Name of associated company or associated undertaking	Existing and proposed REIT Schemes which are under the management of Arif Habib Dolmen REIT Management Limited ("AHDRML"). For detail refer Annexure B-1
II	Basis of relationship	AHDRML is an associated undertaking due to common directorship of Mr. Arif Habib, Mr. Samad Habib and Mr. Muhammad Ejaz.
III	Earnings per share for the last three years	Disclosed in Annexure B-1
IV	Break-up value of share, based on the latest audited financial statements	Disclosed in Annexure B-1
V	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Disclosed in Annexure B-1

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;	Various existing / proposed funds under management of AHDRML are launched or are in pipeline under different stages of launching. These include Silk Islamic Development REIT, Pakistan Corporate CBD REIT, Globe Residency REIT, Silk World Islamic REIT, Sapphire Bay Islamic Development REIT, Naya Nazimabad Apartments REIT, Rahat Residency REIT, Gymkhana Apartment REIT, Signature Residency REIT, Parkview Apartment REIT, Meezan Center REIT and Dolmen City REIT. For Dolmen City REIT, Silk Islamic Development REIT and Pakistan Corporate CBD REIT, specific approvals have already been sought in previous general meetings. This consolidated approval is being sought for all the REITS, including the 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). Relevant details where applicable are disclosed in Annexure B-1.
VII	Maximum amount of investment to be made	Fresh limit of PKR 3 billion for all types of investments is requested for approval. This is in addition to following limits to be utilized in any form / nature of investment including equity, loans, advances, running finance, guarantee, indemnity, pledge of shares etc. for which specific approval is sought by members in this general meeting: - already approved unutilized equity investment limits of Rs.799 Million pertaining to Dolmen City REIT and Rs.1,721 million pertaining to Pakistan Corporate CBD REIT - already approved unutilized equity investment limits of Rs.8,740 Million for the REIT Schemes under management of Arif Habib Dolmen REIT Management Ltd. Above will make total available limit to Rs.14,259 million for making investment of any kind.
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 investments. Approval of limits for investments made in the nature of equity and loans shall be exhausted to the extent of invesments made therein, while investments made in the nature of running finance, guarantees etc and the remaining unutilised amount shall remain available for renewal in next general meetings for all types of investments.

IX	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds 1. Justification for investment through borrowing 2. Detail of collateral, guarantees provided and assets pledged for obtaining such funds 3. Cost benefit analysis	The investment may be made from Company's own available liquidity and/or credit lines. 1. Higher rate of return. 2. Pledge of listed securities and / or charge over assets of the Company, if and where needed. 3. Company expects to time the investment to earn return over and above the borrowing cost.
X	Salient feature of agreement(s), if any, with associated company or associated undertaking with regards to proposed investment	Arrangements to the extent they are already made are disclosed in Annexure B-1. Further agreements shall be made at the time of investment, where required.
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 except in their capacity as sponsor / director / shareholder of AHDRML and / or REIT schemes under its management.
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	Details of investments already made in respective REIT Schemes are disclosed under Ref. No.XVII in Annexure B-1. Performance review of respective REIT Schemes are disclosed under Ref. Nos.III, IV & V in Annexure B-1.
XIII	Any other important details necessary for the members to understand the transaction	Annexure B-1 comprises of important details about the REIT Schemes.

B - Disclosures relating to proposed equity investments:

Ref. No.	Requirement	Information
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 Ref. Nos. VII & XIV
XVII	Number of securities and percentage thereof held before and after the proposed investment	Number of securities already held are disclosed in Annexure B-1. Post investment unitholding is dependent upon the actual investment to be made in accordance with approved limit, and divestments (if any)
XVIII	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	Disclosed in Annexure B-1, where applicable
XIX	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	Not applicable

C - Disclosures relating to proposed investments in the form of loans, advances and guarantees etc. :

Ref. No.	Requirement	Information
XX	Category-wise amount of investment	As disclosed in Ref. VII above
XXI	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	Existing average borrowing cost ranges from 3-month KIBOR plus 0.7% to 3-month KIBOR plus 1.75% per annum.
XXII	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	At the time of making the investment or entering into any arrangement, it will be ensured that the rate to be charged by the Company shall be in line with Section 199 of the Companies Act, 2017 and the guidelines provided in the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.
XXIII	Particulars of collateral or security to be obtained in relation to the proposed investment	Shall be decided on case to case basis. Being investments made in REIT Schemes managed by a group company, requirement of collateral may be relaxed or waived as well.
XXIV	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	It is envisaged that the Company will invest in a Shariah Compliant debt instrument to be issued by SIDR which will have a conversion feature i.e. it will be converted into ordinary units after 5 years of its issuance at a conversion price which will be decided at the time of conversion. In case of a loan or advance to any other REIT Scheme, the Management will negotiate in the best interest of the Company and decide on conversion feature, if any, at the time of making the investment or entering into any arrangement in this regard.
XXV	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking	Facilities to be extended in the nature of Running Finance Facility / Advance shall be for a period of one year and renewable in next general meeting for further period(s) of one year(s). Facilities to be extended in the nature of Long-term Loan shall be for a period as agreed at the time of disbursement.

ANNEXURE - B -1

Particulars	GLOBE RESIDENCY REIT (GRR)	SILK ISLAMIC DEVELOPMENT REIT (SIDR)	NAYA NAZIMABAD APARTMENT REIT (NNAR)	PAKISTAN CORPORATE CBD REIT (PCCR)
Period of latest audited accounts	FY 2023	FY 2022	FY 2023	FY 2022
III. Earnings / (Loss) per share for the last three years				
Year 2023:	1.94	Audit is in progress	(0.16)	Audit is in progress
Year 2022:	2.45	(0.02)	Not applicable	Not applicable
Year 2021:	Not applicable	Not applicable	Not applicable	Not applicable
Year 2020:	Not applicable	Not applicable	Not applicable	Not applicable
IV. Break-up value of share, based on the latest audited financial statements				
Break-up value	13.25	9.98	9.84	-
Units issued by Scheme	140,000,000	300,000,000	293,750,000	-
V. Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements				
Non-current assets	24,376,000	-	-	-
Current assets	4,088,804,000	4,104,947,000	5,863,981,000	2,187,096,000
Equity	1,855,490,000	2,995,393,000	2,891,230,000	2,175,736,000
Non-current liabilities	933,333,000	1,000,000,000	-	-
Current liabilities	1,324,357,000	109,554,000	2,972,751,000	11,360,000
Operating Revenue	2,849,842,000	-	-	-
Profit / (Loss) before Tax	408,291,000	(4,607,000)	(46,270,000)	(19,585,000)
Profit / (Loss) after Tax	271,083,000	(4,607,000)	(46,270,000)	(19,585,000)
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;	1. GRR was established for construction of 9 Towers on 5 FL Sites located in Naya Nazimabad, Karachi. The project was launched in November 2021, and was transferred to REIT during March 2022. On December 28, 2022, GRR was listed on PSX. 2. Construction of the project started in November 2021 and is expected to be completed in November 2025. 3. The project is commercially operational; construction and sales are progressing. 4. GRR announced its first dividend on September 15, 2023. 5. AHCL and its associates have invested in GRR as follows: AHCL, AHL and JVDC have made investments of Rs. 774 million, Rs. 135.9 million and Rs. 101 million respectively.	1. SIDR was created for investing in undeveloped land in Karachi with the objective of upliftment of the area and development of real estate including construction and sale of residential apartment and commercial units. The SIDR project is spread over 60 acres of 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. 2.& 3. SIDR's Trust Deed was registered on July 08, 2021, whereas SECP granted its approval on June 30, 2021. Total completion time for the whole project is estimated at 10 years; 4. SIDR is expected to pay return on investment after 5 years from the date of its registration 5. AHCL and its associates have invested in SIDR as follows: AHCL, AHDRML and FATIMA have made investments of Rs. 600 million, Rs.600 million, and Rs. 600 million, respectively.	1. The NNAR was established with the objective of construction of apartments on the acquired property in the vicinity of Naya Nazimabad, Karachi, and to sell under the project name of "Naya Nazimabad Apartment" for generating income for Unit Holders. 2&3. The Trust Deed of NNAR was registered on June 24, 2022 whereas SECP granted its approval on 03 August 2022. The Scheme has an indicative life of 7 years. 4. NNAR is expected to pay return on investment after 4 years from the date of its registration 5.AHCL and its associates have invested in NNAR as follows: AHCL, AHL and JVDC have made investments of Rs. 485 million, Rs. 278 million, and Rs. 2,173 million, respectively. NAR.	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 for mixed-use development, to generate 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. 2&3. The Trust Deed of PCCR was registered on 29th October 2021 whereas SECP granted its approval on 22nd December 2021. Total completion time for the whole project is estimated / targeted at 7 years; 4. PCCR is expected to pay return on investment after 4 years from the date of its registration 5. AHCL and its associates have invested in PCCR as follows: AHCL and FATIMA have made investments of Rs. 279 million and Rs. 858 million, respectively.
X. Salient feature of agreement(s), if any, with associated company or associated undertaking with regards to proposed investment				
Saleint Feature of Agreement	None	Unit Subscription Agreement was signed with the REIT Scheme along with other investors. Salient features are as follows : 1) 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. 2) Being a strategic investor of the SIDR, out of the total of 60 million units held by AHCL, it shall continue to hold15 million units in a blocked account, in accordance with REIT Regulations. 3) Unitholding of investors of SIDR is to be divested /transferred only in accordance with the restrictions mentioned in the agreement.	None	Consortium Agreement was signed on 1st November 2021 with the REIT Scheme along with other investors. Salient features are as follows: 1) Each investor is required to pay its committed contribution as and when demanded by the RMC. 2) AHCL's existing participating interest is 12.50% of the fund size. 3)AHDRML has been appointed as an authorized party to manage the affairs of PCCR and perform as a REIT Management Company under REIT Regulations.
XVII. Number of securities and percentage thereof held before and after the proposed investment				
No of units held	77,255,802 units being 55% of unit holding as on 30 June 2023	60,000,000 units being 20% of unit holding as on 30 June 2023	48,575,000 units being 16.54% of unit holding as on 30 June 2023	Units against the advance of Rs. 279 million paid by Company for investment will be issued after acquisition of land by PCCR.
XVIII. Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities;				
weighted average & current price	Rs. 10.77 & 12.81	Not applicable	Not applicable	Not applicable

ANNEXURE - B -1

Particulars	RAHAT RESIDENCY REIT (RRR)	PARKVIEW APARTMENT REIT (PAR)	Gymkhana Apartment REIT (GAR)	DOLMEN CITY REIT (DCR)
Period of latest audited accounts	FY 2023	Not applicable	Not applicable	FY 2022
III. Earnings / (Loss) per share for the last three years				
Year 2023:	(0.84)	Not applicable	Not applicable	Audit is in progress
Year 2022:	Not applicable	Not applicable	Not applicable	4.39
Year 2021:	Not applicable	Not applicable	Not applicable	3.87
Year 2020:	Not applicable	Not applicable	Not applicable	3.65
IV. Break-up value of share, based on the latest audited financial statements				
Break-up value	9.16	Not applicable	Not applicable	28.79
Unit issued by Scheme	50,000,000	Not applicable	Not applicable	2,223,700,000
V. Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements				
Non-current assets	1,448,000	Not applicable	Not applicable	62,821,189,000
Current assets	1,936,594,000	Not applicable	Not applicable	1,998,196,000
Equity	458,147,000	Not applicable	Not applicable	64,029,292,000
Non-current liabilities	-	Not applicable	Not applicable	-
Current liabilities	1,479,895,000	Not applicable	Not applicable	790,093,000
Operating Revenue	-	Not applicable	Not applicable	3,795,200,000
Profit / (Loss) before Tax	(41,853,000)	Not applicable	Not applicable	9,762,893,000
Profit / (Loss) after Tax	(41,853,000)	Not applicable	Not applicable	9,762,893,000
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;	1. RRR was established for the construction of Residential Apartments and commercial units on 5 FL Sites located in Naya Nazimabad, Karachi under the project named 'Rahat Residency and Rahat Residency II. 2& 3 The Trust Deed was registered on 24 June 2022 and SECP approval was granted on 03 August 2022. The Scheme has an indicative life of 5 years. Sales of and construction on 2 FL Sites has started and it is expected to completed in 5 Years. 4. RRR is expected to start paying returns on investment in approximately 3 years. 5. AHCL's associate, Airf Habib Limited has invested in RRR in the form of Real estate. Units shall be issued against Rs. 825 million.	1)PAR was established for acquisition of real estate land parcel (FL-01 and FL-02) admeasuring 23,049 square yards in Naya Nazimabad, Karachi, with the objective of construction of the acquired Real Estate into Apartments; for generating income for Unit Holders, through sale and/or renting of the end product to the customers and disposal of all other REIT Assets 2&3. The Trust Deed was registered on 20 June 2023 and SECP approval is awaited. PAR has an indicative life of 7 years. 4. PAR is epected to start paying returns on investment in approximately 4 years from the date of commencement of work of its project. 5. None	1)GAR was established for acquisition of real estate land parcels (Com-42, Com-43, Com-44, Com-47, Com-48, Com-49, Com-50, Com-51, Com-52, Com-53, Com-54, Com-55, and Com-56) admeasuring 29,818 square yards in Naya Nazimabad, Karachi, with the objective of construction of the acquired Real Estate into Apartments and Retail Units (referred as 'End Product') ; for generating income for Unit Holders, through sale and/or renting of the End Product to the Customers and disposal of all other REIT Assets 2&3. The Trust Deed was registered on 20 June 2023 and SECP approval is pending. GAR has an indicative life of 7 years. 4. GAR is epected to start paying returns on investment in approximately 4 years from the date of commencement of work of its project. 5. None	Not applicable, Dolmen City REIT's project is already operational
X. Salient feature of agreement(s), if any, with associated company or associated undertaking with regards to proposed investment				
Saleint Feature of Agreement	None	None	None	None
XVII. Number of securities and percentage thereof held before and after the proposed investment				
No of unit hold	None	None	None	None
XVIII. Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities;				
weighted average & current price	Not applicable	Not applicable	Not applicable	Rs. 13.74 & 13.8

ANNEXURE - B -1

Particulars	SILK WORLD ISLAMIC REIT (SWIR)	SAPPHIRE BAY ISLAMIC DEVELOPMENT REIT (SBIDR)	SIGNATURE RESIDENCY REIT (SRR)
Period of latest audited accounts	FY 2022	Not available	Not available
III. Earnings / (Loss) per share for the last three years			
Year 2023:	Audit is in progress	Audit is in progress	Audit is i n progress
Year 2022:	(0.16)	Audit is in progress	Not applicable
Year 2021:	Not applicable	Not applicable	Not applicable
Year 2020:	Not applicable	Not applicable	Not applicable
IV. Break-up value of share, based on the latest audited financial statements			
Break-up value	9.84	-	-
Unit issued by Scheme	591,009,308	-	-
V. Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements			
Non-current assets	-	Not available due to pending audit	Not available due to pending audit
Current assets	5,990,774,000		
Equity	5,815,522,000		
Non-current liabilities	-		
Current liabilities	175,252,000		
Operating Revenue	-		
Profit / (Loss) before Tax	(94,510,000)		
Profit / (Loss) after Tax	(94,510,000)		
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;	1. SWIR was created for investment in undeveloped land in Karachi with the objective of upliftment of the area and development of real estate including construction and sale of residential apartment and commercial units. SWIR project is spread over 86.45 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). SWIR has acquired land from Silk Bank Limited and World Group. 2 & 3. The Trust Deed was registered on 26 August 2021 and SECP approval was granted on 27 September 20221, SWIR has an indicative life of 8 years. 4. SWIR is expected to start paying returns on investment approximately 2 years after commencement of operations. 5. None	1) SBIDR is a PPP-REIT Scheme established to undertake the Public Private Partnership Project i.e. the Ravi Riverfront City, Zone 3 Sapphire Bay project, involving development of the Real Estate on a design, build, develop, operate, finance and transfer (DBDFOT) mode, as per the terms of the PPP Agreement with the objective of development of residential and commercial plots for generating income for Unit Holders, through lease of the end product to its customers and disposal of all other REIT Assets. 2 & 3. SBIDR's trust deed was registered on 24 December 2021, whereas SECP granted its approval on 12 January 2022. Total completion time for the whole project is estimated / targeted at 10 years; 4) SBIDR is expected to start paying returns on investment in approximately 4 years from the date of commencement ; and 5) AHCL's associates, JVDC and FATIMA have made investments of Rs. 2,135 million and Rs. 880 million respectively in SBIDR.	1. SRR was established for construction of 2 Towers on 2 FL Sites located in Naya Nazimabad, Karachi. The project was launched in January 2023 and was transferred to REIT during March 2023.. 2 & 3. The Trust Deed was registered on 22 March 2023 and SECP approval was granted on 14 June 2023. The Construction of the project started in January 2023 and is expected to be completed in December 2026. 3. The project is commercially operational, Construction and sales are under full flow. 4. SRR is expected to start paying returns in 2 years. 5. AHCL associates, JVDC and AHL have made investments of Rs. 132 million and Rs. 133 million respectively in units of SRR. Additionally, JVDC has provided a Corporate guarantee of Rs. 660 million against financing availed by SRR.
X. Salient feature of agreement(s), if any, with associated company or associated undertaking with regards to proposed investment			
Saleint Feature of Agreement	None	None	None
XVII. Number of securities and percentage thereof held before and after the proposed investment			
No of unit hold	None	None	None
XVIII. Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities;			
weighted average market price	Not applicable	Not applicable	Not applicable

ANNEXURE - B -1

Particulars	Meezan Center REIT (MCR)
Period of latest audited accounts	Not available
III. Earnings / (Loss) per share for the last three years	
Year 2023:	Not applicable
Year 2022:	Not applicable
Year 2021:	Not applicable
Year 2020:	Not applicable
IV. Break-up value of share, based on the latest audited financial statements	
Break-up value	Not applicable
Unit issued by Scheme	Not applicable
V. Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	
Non-current assets	Not applicable
Current assets	Not applicable
Equity	Not applicable
Non-current liabilities	Not applicable
Current liabilities	Not applicable
Operating Revenue	Not applicable
Profit before Tax	Not applicable
Profit after Tax	Not applicable
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. MCR was established for the acquisition of a real estate land parcel (Com-103) measuring 14,092 square yards in Naya Nazimabad, Karachi, with the objective of constructing the acquired Real Estate into Apartments and Retail Units.
2. starting date and expected date of completion of work; 3. time by which such project shall become commercially operational;	2&3. The Trust Deed was registered on 20 June 2023 and SECP approval is awaited. MCR has an indicative life of 7 years.
4. expected time by which the project shall start paying return on investment; and	4. MCR is expected to start paying returns on investment in approximately 3 years from the date of commencement of work of its project.
5. funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	5. None
X. Salient feature of agreement(s), if any, with associated company or associated undertaking with regards to proposed investment	
Saleint Feature of Agreement	None
XVII. Number of securities and percentage thereof held before and after the proposed investment	
No of unit hold	None
XVIII. Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities;	
weighted average market price	Not applicable

ANNEXURE-C (AGENDA # 5)

Statement under Section 134(3) of the Companies Act, 2017, in compliance with Regulation 4(2) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, for decision to make investment under the authority of a resolution passed earlier pursuant to provisions of Section 208 of the Companies Ordinance, 1984 (Repealed) / Section 199 of the Companies Act, 2017 is not implemented either fully or partially:

The Company in its previous general meetings had sought approvals under section 208 of the Companies Ordinance, 1984 (repealed) / section 199 of the Companies Act, 2017 for investments in the following Associated Companies and Associated Undertakings in which investment has not been made so far, either fully or partially. Approval of renewal of unutilised portion of equity investments and sanctioned limit of loans, advances, running finance and corporate guarantee are also hereby sought for the companies, in which directors of the company have no interest except in their capacity as director / shareholder, as per following details for a period upto next annual general meeting, unless specifically approved for a longer period. In the 26th AGM 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). In the instant AGM being held in 2023, the already approved unutilized limits for equity investment in various REIT Schemes under management of Arif Habib Dolmen REIT Management Limited is proposed to be merged and utilized in any form / nature of investment including equity, loans, advances, running finance, guarantee, indemnity, pledge of shares etc. Provided further that the limit so utilised in future to the extent of making equity investment and / or 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;	4,250,000,000	2,731,550,000	400,000,000
b)	amount of investment made to date;	2,891,424,588	614,250,000	-
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 :		**FY2023**	FY2022
i	Earnings per share - basic & diluted		17.07	3.95
ii	Net Profit		6,741,951,000	1,505,145,000
iii	Shareholders Equity		25,921,679,000	19,354,900,000
iv	Total Assets		42,883,146,000	33,260,645,000
v	Break-up value		68.06	50.82
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 1,358,575,412	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;	3,164,570,248	-	2,673,233,000
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 :		**FY2023**	FY2022
i	Earnings per share		2.83	12.65
ii	Net profit		184,672,102	826,551,794
iii	Shareholders Equity		4,994,252,286	5,201,620,184
iv	Total Assets		7,785,230,947	8,985,828,345
v	Break-up value		76.43	79.61
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 257,105,752	Sanctioned 1,500,000,000	Sanctioned 4,000,000,000

3 Name of associated company / undertaking : **MCB - Arif Habib Savings and Investments Limited**
(Now: MCB Investment Management 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	-	-	-
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 :		**FY2023**	FY2022
i	Earnings per share		5.25	2.41
ii	Net profit		378,218,186	173,361,645
iii	Shareholders Equity		1,740,709,420	1,434,491,234
iv	Total Assets		2,711,449,011	2,232,851,172
v	Break-up value		24.18	19.92
	Unutilized limit of equity investment propose to be lapsed	399,252,473	-	-

4 Name of associated company / undertaking : **Pakarab Fertilizers Ltd. (PAFL)**

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 :		**FY2022**	FY2021
i	Earnings per share		5.01	2.72
ii	Net profit		2,254,334,000	1,225,713,000
iii	Shareholders Equity		13,060,868,000	10,853,220,000
iv	Total Assets		46,090,596,000	42,039,931,000
v	Break-up value		29.02	24.12
	Proposals for renewal for future investments :		Consequent to sanction of the Scheme of Arrangement by Honourable Lahore High Court for merger / amalgamation of PAFL into Fatima Fertilizer Company Limited (Fatima), transfer / merger of respective approved limits of PAFL for equity and running finance investments into existing approved limits of Fatima is being made.	

5 Name of associated company / undertaking : **Fatima Fertilizer Company Limited (Fatima)**

S. No.	DESCRIPTION	INVESTMENT IN SECURITIES	LOANS & ADVANCES IN THE NATURE OF	
			RUNNING FINANCE	CORPORATE GUARANTEE
a)	total investment approved; *	4,824,332,000	2,000,000,000	-
b)	amount of investment made to date;*	2,024,369,179	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 :		**FY2022**	FY2021
i	Earnings per share		6.73	8.80
ii	Net profit		14,123,939,000	18,474,090,000
iii	Shareholders Equity		106,910,968,000	100,263,264,000
iv	Total Assets		222,505,517,000	184,893,261,000
v	Break-up value		50.91	47.74
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 2,799,962,821	Sanctioned 2,000,000,000	Sanctioned -

* Consequent to sanction of the Scheme of Arrangement by Honourable Lahore High Court for merger / amalgamation of PAFL into Fatima, transfer / merger of respective approved limits of PAFL for equity and running finance investments into existing approved limits of Fatima is being made. Now effective merged limit of Fatima and PAFL is requested for renewal

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 :		**FY2022**	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		6,609,746,467	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 (AHDRML)**

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 :		**FY2022**	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;	5,750,000,000	2,539,206,765 (RF)* & 106,537,149 (LTL)**	PKR 5,500,000,000 plus USD 80,000,000 ***
b)	amount of investment made to date;	5,044,491,283	106,537,149 (LTL)	PKR 2,032,457,000
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 :		**FY2023**	FY2022
i	Earnings / (loss) per share		(3.56)	1.27
ii	Net profit		(3,215,653,000)	1,146,113,000
iii	Shareholders Equity		15,691,715,000	14,035,553,000
iv	Total Assets		38,046,164,000	46,804,817,000
v	Break-up value		12.00	14.48
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 705,508,717	Sanctioned 2,539,206,765 (RF)* 106,537,149 (LTL)**	Sanctioned PKR 5,500,000,000 plus USD 80,000,000 ***

*RF = Running Finance
**LTL = Long Term Loan
***Approval of guarantee limit of any currency equivalent to USD 80 million was approved for 5 years by shareholders in EOGM held on 30-Mar-19. The limit shall expire in March 2024 and is requested for renewal upto next annual general meeting alongwith the renewal of approved limit of PKR 5.5 billion as mentioned above.

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;	3,532,519,011	-	USD 2,964,018
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 :		**FY2023**	FY2022
i	Earnings per share		(0.19)	(0.62)
ii	Net profit		168,993,000	(443,946,000)
iii	Shareholders Equity		17,568,027,000	17,283,455,000
iv	Total Assets		48,530,623,000	46,448,732,000
v	Break-up value		13.31	13.09
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 789,480,989	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 :
Approval of guarantee limit of any currency equivalent to USD 38 million was approved for 5 years by shareholders in EOGM held on 30-Mar-19. The limit shall expire in March 2024 and is requested for renewal upto next annual general meeting alongwith the renewal of approved limits of USD 11 million and PKR 500 million as mentioned above in aggregate."

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 :		**FY2023**	FY2022
i	Earnings per share		7.70	6.11
ii	Net Profit		2,463,927,078	1,956,021,782
iii	Shareholders Equity		11,859,359,277	10,835,432,199
iv	Total Assets		23,696,773,086	21,266,515,839
v	Break-up value		37.06	33.86
	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;	250,000,000	250,000,000	-
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 :		**FY2023**	FY2022
i	Earnings per share		5.33	1.86
ii	Net Profit		133,370,457	46,456,349
iii	Shareholders Equity		274,294,662	229,201,263
iv	Total Assets		744,983,048	705,959,292
v	Break-up value		10.97	9.17
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 250,000,000	Sanctioned 250,000,000	Sanctioned -

12 Name of associated company / undertaking : **Dolmen City REIT [under management of Arif Habib Dolmen REIT Management Limited (AHDRML)]**

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	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 :		**FY2022**	FY2021
i	Earnings per share		4.39	3.87
ii	Net Profit		9,762,893,000	8,609,987,000
iii	Shareholders Equity		64,029,292,000	57,424,053,000
iv	Total Assets		64,819,385,000	58,084,224,000
v	Break-up value		28.79	25.82
	Proposals for renewal for future investments :	Unutilized approved equity investment limit of Rs.799 Million is proposed to be merged with limits allocated for the REIT Schemes under management of AHDRML, to be utilized in any form / nature of investment including equity, loans, advances, running finance, guarantee, indemnity, pledge of shares etc.		

13 Name of associated company / undertaking : **Pakistan Corporate CBD REIT [under management of Arif Habib Dolmen REIT Management Limited (AHDRML)]**

S. No.	DESCRIPTION	INVESTMENT IN SECURITIES	LOANS & ADVANCES IN THE NATURE OF	
			RUNNING FINANCE	CORPORATE GUARANTEE
a)	total investment approved;	2,000,000,000	-	-
b)	amount of investment made to date;	279,026,250	-	-
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 :		**FY2022**	FY2021
i	Earnings per share		-	-
ii	Net Profit		(19,585,000)	-
iii	Shareholders Equity		-	-
iv	Total Assets		2,175,736,000	-
v	Break-up value		-	-
	Proposals for renewal for future investments :	Unutilized approved equity investment limit of Rs.1,721 Million is proposed to be merged with limits allocated for the REIT Schemes under management of AHDRML, to be utilized in any form / nature of investment including equity, loans, advances, running finance, guarantee, indemnity, pledge of shares etc.		

14 Name of associated company / undertaking : **REIT Schemes under management of Arif Habib Dolmen REIT Management Limited (AHDRML)**

S. No.	DESCRIPTION	INVESTMENT IN SECURITIES	LOANS & ADVANCES IN THE NATURE OF	
			Loans/Advance/RF	CORPORATE GUARANTEE
a)	total investment approved;	* See Below		
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		
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 :	Details relating to existing REIT Schemes under management is disclosed in Annexure B-1		
i ii iii iv v	Earnings per share Net Profit Shareholders Equity Total Assets Break-up value	Details relating to existing REIT Schemes under management is disclosed in Annexure B-1		
	Proposals for renewal for future investments :	Approval of limits for investments to be made in the nature of equity and loans shall be exhausted to the extent of investments to be made therein, while investments to be made in the nature of running finance, guarantees etc and the remaining unutilised amount shall remain available for renewal in next general meetings for all types of investments. (See below *)		

*Already approved unutilized investment limits in various REIT Schemes under management of AHDRML are proposed in this general meeting to be consolidated and made available for any nature of investments in future. Details of specific approvals sought in prevous general meetings and extent of utilisation is mentioned below :

Approvals sought earlier for :	Limit	Availed	Available
Silk Islamic Development REIT	600,000,000	600,000,000	-
Pakistan Corporate CBD REIT	2,000,000,000	279,026,250	1,720,973,750
Dolmen City REIT	1,000,000,000	201,492,133	798,507,867
REIT Schemes under management of AHDRML	10,000,000,000	1,260,406,621	8,739,593,379
	13,600,000,000	2,340,925,004	11,259,074,996

ANNEXURE D (AGENDA # 6)

Circulation of Annual Audited Financial Statements through QR enabled code and weblink

Through its Notification bearing No. S.R.O 389(I)/2023 dated 21st March 2023, subject to conditions mentioned therein, SECP has allowed circulation of Annual Audited Financial Statements by the companies to its members through QR enabled code and weblink instead of CD/DVD/USB. In view of technological advancements and old technology becoming obsolete, Members are requested to authorize the same by approving the agenda.

However, if a shareholder, in addition, requests for complete financial statements with relevant documents in hard copy, 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://www.arifhabibcorp.com/).

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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 تشکر ریکارڈ پر لانا چاہتے ہیں۔ ہم وزارت مالیات، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، کمپیٹیشن کمیشن آف پاکستان، سینٹرل ڈیپازٹری کمپنی آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کے مسلسل تعاون اور رہنمائی پر اُن کے شکرگزار ہیں جن کے تعاون کی وجہ سے کمپنی طویل سفر طے کرکے آج اس مقام تک پہنچی ہے۔ سال کے دوران ہم کمپنی کے ملازمین کی ان تھک محنت کا اعتراف کرتے ہیں۔ انتہائی اہم معاملات میں انتظامیہ کی تائید اور رہنمائی کے لیے آڈٹ کمیٹی اور دیگر کمیٹیوں کے ممبران کے فعال کردار اور ان کی قابل قدر معاونت بھی قابل تعریف ہے۔

برائے ومنجانب بورڈ

جناب عارف حبیب

چیف ایگزیکٹو

جناب اسد اللہ خواجہ

چیئرمین

کراچی : 28 ستمبر 2023

آڈٹ کمیٹی

ادارتی نظم وضبط کے ضابطے کے تحت آڈٹ کمیٹی نے تسلسل کے ساتھ اپنے فرائض کو بورڈ کی تعین کردہ ذمے داریوں کے مطابق انجام دیا۔کمیٹی کی تشکیل اوراس کی ذمے 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 2023 کو منعقد ہونے والے اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے اور اہلیت کے باعث انہوں نے 30 جون 2024 کو ختم ہونے والے سال کے لئے اپنی دوبارہ تقرری کی پیشکش کی ہے۔بیرونی آڈیٹرز کو انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام میں تسلی بخش ریٹنگ حاصل ہے۔آڈٹ کمیٹی کی تجویز پر بورڈ نے باہمی طے شدہ معاوضہ پر میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی 30 جون 2024 کو ختم ہونے والے سال کے لئے بطور آڈیٹرز دوبارہ تقرری کی سفارش کی ہے۔اس سلسلے میں 28 اکتوبر 2023 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 کمیٹی اور بورڈ کے روبرو اُن کے جائزے اور منظوری کے لیے پیش کیے۔ان سودوں کو آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے اپنے متعلقہ اجلاسوں میں منظور کیا۔ملحقہ پارٹیوں کے ساتھ سودوں کی تفصیل آڈٹ شدہ مالیاتی گوشواروں کے نوٹ نمبر 37 میں پیش کی گئی ہے۔

حصص داری کی ساخت

کمپنی کے حصص پاکستان اسٹاک ایکسچینج میں لسٹڈ ہیں۔ 30 جون 2023 کو کمپنی کے 3,148 حصص یافتگان تھے۔ حصص داری کی تفصیلی ساخت اور کمپنی کی حصص داری کی اقسام بشمول ڈائریکٹرز اور ایگزیکٹیو کی ملکیت میں حصص کی تعداد، اگر کوئی ہو، تو وہ منسلک گوشوارہ-III میں پیش کی گئی ہے۔

ڈائریکٹرز اور اعلیٰ عہدے داران کی کمپنی کے حصص میں خرید و فروخت

تمام ڈائریکٹرز بشمول چیف ایگزیکٹیو، چیف فنانشل آفیسر اور کمپنی کے اعلیٰ عہدے داران کو کمپنی سیکریٹری کی جانب سے مطلع کر دیا گیا تھا کہ اگر انہوں نے بذات خود یا ان کے شریک حیات نے کمپنی کے حصص میں کوئی خرید 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 ایگزیکٹیو 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 پراویڈنٹ فنڈ سے کی گئی سرمایہ کاری کی مالیت ان کے 30 جون 2023 تک کے متعلقہ آڈٹ شدہ مالیاتی گوشواروں کے مطابق 56.93 ملین روپے ہے۔

بورڈ کی تشکیل میں تبدیلی اور ڈائریکٹرز کے انتخابات

کمپنیز ایکٹ 2017 کی دفعہ 161 کی شقوں کے تحت موجودہ آٹھ ڈائریکٹرز جو تین سالہ مدت کے لئے 21 ستمبر 2022 کو غیر معمولی اجلاس عام میں منتخب ہوئے تھے انکی مدت 21 ستمبر 2025 کو مکمل ہوگی۔کوئی اتفاقی آسامی 30 جون 2023 کو اختتام پزیر ہونے والے مالیاتی سال کے دوران خالی نہیں ہوئی۔

ڈائریکٹرز کے معاوضہ کی پالیسی

عارف حبیب کارپوریشن لمیٹڈ کے نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز بورڈ آف ڈائریکٹرز بورڈ کی کسی ذیلی کمیٹی کے اجلاس میں حاضر ہونے پر بورڈ کی وقتاً فوقتاً منظور کردہ شرح کے مطابق معاوضہ طلب کرسکتے ہیں۔

کسی ڈائریکٹر کو سونپی گئی اضافی خدمات کے عوض معاوضے کا تعین بورڈ آف ڈائریکٹرز مارکیٹ کے معیار اور کام کے دائرہ کار کے مطابق طے کرتا ہے اور اس کے لیے کمپنی کے لیے آرٹیکلز آف ایسوسی ایشن کی پاسداری کی جاتی ہے۔معاوضے کی سطح ذمے داری اور مہارت کے مطابق اور مناسب ہوتی ہے۔تاہم کسی بھی آزاد ڈائریکٹر کا معاوضہ اس سطح کا نہیں ہوگا جسے اس کی آزادی پر تصفیہ تصور کیا جائے۔

چیف ایگزیکٹو آفیسر بورڈ کا واحد ایگزیکٹو ڈائریکٹر ہے۔چیف ایگزیکٹو، ڈائریکٹرز اور ایگزیکٹوز کے معاوضے کے پیکیج کی تفصیلات منسلک آڈٹ شدہ مالیاتی گوشواروں کے نوٹ نمبر 30 میں پیش کی گئی ہیں۔میٹنگ فیس اور نان ایگزیکٹیو ڈائریکٹرز کو ادا کیے جانے والے کمیشن سے متعلق تفصیلات منسلک آڈٹ شدہ مالیاتی گوشواروں کے نوٹ نمبر 37 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۔

اور کاروباری منصوبوں پر کام کرتے ہیں اور بجٹ اور بزنس پلان کے مطابق کارکردگی کا جائزہ لیتے ہیں۔ سرمایہ کاری کردہ کمپنی کی مجموعی کارکردگی کی وقتاً فوقتاً نگرانی بھی کی جاتی ہے۔

بورڈ اس بات کا اعادہ کرتا ہے کہ کمپنی کے چلتے ہوئے ادارے کی صلاحیت میں کوئی شک وشبہ نہیں ہے اور ادارتی نظم وضبط کے بہترین طور طریقوں سے کوئی قابل ذکر انحراف نہیں کیا گیا۔

کمپنی ہمیشہ بہترین ادارتی نظم وضبط اور شفاف اور درست طور طریقوں کے ذریعے آگے بڑھنے کے لیے کوشاں ہے، ان میں سے بہت سے طور طریقے کمپنی میں اُس وقت سے نافذ ہیں جب انہیں قانونی شکل بھی نہیں دی گئی تھی۔

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	نامزدگی کمیٹی
خواجہ جلال الدین رومی	آزاد	چیئرمین	–	–	–
مس زیبا بختیار	آزاد	–	چیئرپرسن	–	–
جناب اسداللہ خواجہ (چیئرمین)	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	چیئرمین	چیئرمین

پابندی کرتے ہیں۔ یہ ہمارا نصب العین ہے کہ معیشت، اپنے لوگوں اور ماحول کی بہتری کے لیے سرمایہ کاری کے ذریعے پاکستان میں معاشی ترقی اور استحکام لایا جائے۔ گروپ تسلسل کے ساتھ وسائل کے کم استعمال کے اقدامات کی تائید کرتا ہے اور قابل تجدید توانائی میں تحقیق کی حوصلہ افزائی کرتا ہے۔

آپ کی کمپنی قومی معیشت میں اپنی شراکت کو بہت اہمیت دیتی ہے اور ہمیشہ اپنی ذمے داریوں سے شفافیت، درستگی اور بروقت انداز میں عہدہ برآں ہوئی ہے۔ گروپ کی کمپنیوں کی جانب سے کی گئی معاونت کی تفصیلات صفحہ نمبر 70 پر پیش کی گئی ہیں۔

ادارتی نظم وضبط

AHCL پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ کمپنی کا بورڈ اور انتظامیہ لسٹڈ کمپنیوں کے ادارتی نظم وضبط کے ضابطے پر عمل پیرا ہے اور اس سلسلے میں اپنی ذمے داریوں سے آگاہ ہے اور کاروباری افعال اور کارکردگی کی نگرانی کی جاتی ہے تا کہ 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 موئثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔ کمپنی کے مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔ ٹیکسوں، محصولات، واجبات وغیرہ کی مد میں کوئی قابل ذکر رقم واجب الادا نہیں ہے۔ گریچویٹی، 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

ہمیں پختہ یقین ہے کہ ہمارے ملازمین پر سرمایہ کاری سے ہمیں کام کے لیے ایک زیادہ مضبوط اور موئثر افرادی قوت حاصل ہوگی۔ ہماری طویل مدتی کامیابی ہمارے ملازمین کی کارکردگی اور مسلسل بہتری سے آتی ہے۔

ملازمین کی حوصلہ افزائی کی جاتی ہے اور انھیں ان کی کارکردگی کے مطابق نوازا جاتا ہے جس کی وجہ سے طویل مدت ملازمت اور ترغیب ہر سطح پر موجود ہے۔ ہماری کاروباری سرگرمیاں اخلاقی ضابطوں کے مطابق شفافیت کے ساتھ انجام پاتی ہیں جس پر کوئی سمجھوتا نہیں کیا جاتا۔

مادیت کے لائحہ عمل کا نفاذ

بورڈ آف ڈائریکٹرز کمپنی کے تمام مادی / اہمیت کے حامل معاملات کی کڑی نگرانی کرتا ہے۔ عام طور پر ان تمام معاملات کو مادی سمجھا جاتا ہے جو پالیسی کے مطابق کمپنی کی کارکردگی اور منافع کو نمایاں طور پر متاثر کرسکتے ہوں خواہ وہ انفرادی معاملات ہوں یا اجتماعی معاملات۔

کارپوریٹ سماجی ذمہ داری

کمپنی کے قیام ہی سے پائیدار اور ذمے دارانہ ترقی ہمارے مشن کا مرکز رہی ہے۔ ہم تسلسل کے ساتھ اپنے گروپ کی کمپنیوں کی حوصلہ افزائی کرتے ہیں کہ وہ جس ماحول اور لوگوں کے درمیان کاروبار کرتے ہیں ان کے ساتھ ذمہ دارانہ رویہ اپنائیں اور حساسیت کا مظاہرہ کریں۔

عارف حبیب گروپ میں ہم اپنے ملازمین کے ساتھ ساتھ پوری قوم کی صحت و بہبود کے لیے فکرمند رہتے ہیں۔ اسی لیے ہم نے اپنے ملازمین، صارفین اور شراکت داروں کی حفاظت یقینی بنانے کے لیے اقدامات اٹھائے اور مقامی برادریوں کو بھی امداد فراہم کی۔

عارف حبیب گروپ کی کمپنیاں پورے پاکستان میں بڑے پیمانے پر CSR پروگرام چلا رہی ہیں جن میں انتہائی توجہ طلب شعبوں کا احاطہ کیا گیا ہے اور تعلیم، صحت، ماحولیات، سماجی بہبود، کھیل اور ریلیف کے کاموں کو خصوصی اہمیت دی گئی ہے۔

گروپ کی کمپنیاں توانائی کی بچت پر توجہ مرکوز رکھتی ہیں اور تمام شعبہ جات اور ملازمین توانائی میں بچت کے اقدامات کی

کے لیے ایسے تعلیم یافتہ اور تجربہ کار پیشہ ورانہ اسٹاف کو بھرتی کیا جاتا ہے جو ضرورت پڑے تو سرمایہ کاری کردہ کمپنیوں کے بورڈ میں نمائندگی کرسکیں اور بورڈ ممبروں کے ذریعے ان کمپنیوں کے بجٹ اور دیگر اندرونی کنٹرول کے نظام کو لاگو کرسکیں، تسلسل کے ساتھ سرمایہ کاری کردہ کمپنیوں کی کارکردگی کا جائزہ لیں اور جب اور جیسے ضرورت پڑے اصلاحی اقدامات کریں، بشمول اگر درست لگے تو اس کمپنی میں سے سرمایہ کاری نکال لیں۔

بورڈ نے ایک سرمایہ کاری کمیٹی تشکیل دی ہے جس کی ذمے 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 ذمے 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 پُرعزم ہیں اور کاروبار کے تمام شعبوں میں اپنی اہلیت، وابستگی اور وفاداری رکھتے ہیں۔ ہم ان کی طویل مدتی ترقی، صحیح ٹیلنٹ کو فعال طور پر شناخت کرنے اور اسکو فروغ دینے، ان کی طاقت کو بڑھانے اور ان کی مسلسل ترقی اور موافقت کو فروغ دینے کے لیے کوشاں ہیں۔

ہماری پائیدار معاشی کارکردگی اور شراکت داران کو قدر اور اہمیت فراہم کرنے کے لئے ہماری صلاحیت کا بھاری انحصار ہمارے انسانی وسائل پر ہے۔

ادارے کی حیثیت کو نقصان پہنچا سکتے ہیں۔ خطرات سے نمٹنے کا نظام اس طرح ڈیزائن کیا گیا ہے کہ ادارے میں ہر سطح پر خطرات سے نمٹنے کے لیے متوازن طریقہ کار اختیار کیا جائے، خطرات اور مواقعوں کی ابتدائی مرحلے ہی میں شناخت اور تجزیہ کیا جائے، ان کی شدت کو ناپنے اور ان کی نگرانی اور انتظام کے لیے موزوں تدابیر کی جائیں۔

چونکہ کمپنی کا بنیادی کاروبار سرمایہ کاری ہے، اس لیے جیسے جیسے سرمایہ کاری حکمت عملی میں تبدیلیاں آتی ہیں خطرات سے نمٹنے کے نظام کو بھی اسی لحاظ سے تبدیل کیا جاتا ہے، اس کی روشنی میں کاروباری خطرات کا مجموعی طور پر سالانہ جائزہ لیا جاتا ہے تاکہ یقینی بنایا جائے کہ انتظامیہ خطرات کی شناخت، خطرات کے انتظام، اثاثوں، وسائل، ساکھ اور کمپنی اور حصص یافتگان کے مفادات کے تحفظ کے لیے متعلقہ انتظامی اور اندرونی کنٹرول کا موزوں نظام برقرار رکھتی ہے۔

کمپنی نے ثانوی مارکیٹ میں اپنی سرمایہ کاریوں کا آغاز کیا اور اس کے ساتھ ساتھ ہمیشہ مختلف شعبوں اور کمپنیوں میں تنوع کی پالیسی پر عمل درآمد کیا، جس میں انفرادی سرمایہ کاری فیصلوں کی بنیاد اہم تجزیات پر رکھی گئی اور سرمایہ کاری کی قدر کے لئے وقت پر ثابت شدہ اصولوں کی پیروی کی گئی۔ کمپنی خطرات کا مقابلہ تحفظاتی انتخاب کو محتاط انداز میں استعمال کرتے ہوئے کرتی ہے، خطرات کے ارتکاز سے بچتی ہے، مناسب ضمانتوں اور ممکنہ نقدی کے بہاؤ کو یقینی بناتی ہے اور مقابل فریق کی صلاحیت کی تشخیص کرتی ہے۔ اس کے علاوہ کمپنی بنیادی کیپیٹل مارکیٹ کے انفرااسٹرکچر کی ترقی میں اپنے نمائندوں کے ذریعے مسلسل کردار ادا کر رہی ہے۔

اپنی کلیدی سرمایہ کاریوں کے لیے کمپنی نے خطرات سے نمٹنے کے ایسے نظام ترویج کیے ہیں جو اس سرمایہ کاری کے لیے موزوں ہوں۔ کاروباری فیصلے پروجیکٹ کے جامع تجزیوں کے بعد کیے جاتے ہیں جن میں ممکنہ خطرات اور مواقعوں کی نشاندہی ہوتی ہے۔ خطرات سے نمٹنے کے لیے کمپنی کی توجہ بنیادی پہلوؤں جیسے بورڈ اور اعلیٰ انتظامیہ کے ذریعے انتظام کاری، پالیسیوں اور طریقہ کار کی تیاری اور نفاذ، خطرات کی نگرانی، انتظامی معلوماتی نظام اور اندرونی کنٹرول پر ہے۔ کمپنی خودکار 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 ذمیداری، شمولیت اور ادارتی نظم وضبط کے ضابطے، حساباتی مینوئل، قانونی تقاضوں اور قواعد وضوابط کی پاسداری کی رپورٹوں کا جائزہ لیتی ہے۔

کاروباری خطرات کے انتظام میں نقطہ آغاز ہی سے سرمایہ کاری سے قبل گہرا تجزیہ کیا جاتا ہے اور اس ضرورت کو پورا کرنے

ہیں اور اس میں پاکستانی روپے کی قدر میں کمی کی وجہ سے اضافہ ہوا ہے۔ جب کہ IMF کے ساتھ نئے اسٹینڈ بائی ارینجمنٹ پروگرام نے کچھ مہلت فراہم کی ہے، سرمایہ کار حکومت کے اقدام، SIFC کے تصور کو متعارف کرانے پر گہری نظر رکھے ہوئے ہیں جہاں زراعت، انفارمیشن ٹیکنالوجی، کان کنی اور دفاعی پیداوار کے شعبوں میں دوست ممالک سے سرمایہ کاری کی توقع ہے۔ SIFC مقامی سرمایہ کاروں کی بھی مدد کرے گا۔ حکومت نے اسمگلنگ، سرحدی تجارت کے غلط استعمال، افغان ٹرانزٹ ٹریڈ اور FX مارکیٹ میں ہیرا پھیری کرنے والوں کے خلاف بھی کریک ڈاؤن کا آغاز کیا ہے۔ ان اقدامات نے کچھ مثبت نتائج دکھائے ہیں جس سے روپے کی قدر میں کچھ استحکام آیا ہے۔ توقع ہے کہ ان اقدامات میں پائیداری، پاکستان کی معیشت پر سرمایہ کاروں کا اعتماد بحال کرنے میں کردار ادا کرے گی۔

آپ کی کمپنی کا متنوع پورٹ فولیو کمپنی کے امور کو استحکام فراہم کرتا ہے۔ ہم کھاد، ہوا کی توانائی، مالیاتی خدمات، رئیل اسٹیٹ، اسٹیل اور سیمنٹ کے تمام شعبوں میں اپنی سرمایہ کاری کی مستحکم کارکردگی کی توقع کرتے ہیں۔ ہم مالی سال کی تیسری اور چوتھی سہ ماہیوں میں شرحِ سود میں کمی کی توقع کرتے ہیں جس سے ہماری کمپنی کی مالی کارکردگی بہتر ہونے کا امکان ہے۔ آپ کی کمپنی اپنے حصص یافتگان کے لیے پائیدار منافع حاصل کرنے کے لیے پرعزم ہے۔

سال کے دوران، بورڈ آف ڈائریکٹرز نے انتظامیہ کو اختیار دیا تھا کہ وہ AHCL اور/ یا اس کی ذیلی کمپنی AHL کے ذریعے کیے جانے والے کاروبار کی کارپوریٹ تنظیم نو کے لیے شرائط کا جائزہ لے اور تجویز پیش کرے۔

28 ستمبر 2023 کو ہونے والی اپنی میٹنگ میں، بورڈ نے دائرہ کار کو بڑھاتے ہوئے، مینجمنٹ کو گروپ کے کاروبار اور/ یا اس کی سرمایہ کاری کی تنظیم نو اور/ یا دوبارہ ترتیب دینے کے لیے حکمت عملیوں کا جائزہ لینے اور تجویز کرنے کا اختیار دیا ہے، جس کا مقصد مالی اور ٹیکس کی استعداد کار کو حاصل کرنا، جہاں قابل اطلاق ہو ممکنہ ہم آہنگی کی نشاندہی کرنا اور آپریشنز کو موئثر کرنا ہے۔ انتظامیہ گروپ کمپنیوں کے AHCL کے ساتھ اور اس میں انضمام کی تجاویز تیار کر رہی ہے۔ انتظامیہ کو ہدایت دی گئی ہے کہ تمام تفصیلات کو حتمی شکل دینے کے بعد اپنی تجاویز بورڈ آف ڈائریکٹرز اور حصص یافتگان کو غور اور منظوری کے لیے پیش کریں۔

خطرات سے نمٹنا

خطرات کے انتظام کا نظام بورڈ نے تشکیل دیا ہے جس میں وسیع پیمانے پر واضح ترتیب شدہ ادارتی اور انضباطی اجزاء شامل کیے گئے ہیں اور یہ ان واقعات اور پیشقدمیوں کو شناخت کرنے کی اہلیت رکھتا ہے جو کہ کمپنی کے چلتے ہوئے

رئیل اسٹیٹ

عارف حبیب گروپ ایک پختہ یقین رکھنے والا اورشفافیت اور دستاویز کاری کا حامی ہونے کے ناطے اب ریٹ (REIT) کو رئیل اسٹیٹ سیکٹر میں سرمایہ کاری کے ترجیحی طریقے کے طور پر منتخب کر کے ایک مثال قائم کر رہا ہے۔سال کے دوران، آپ کی کمپنی نے گلوب ریذیڈنسی ریٹ، پاکستان کی پہلی لسٹڈ ڈویلپمنٹل ریٹ اور نیا ناظم آباد اپارٹمنٹ ریٹ میں سرمایہ کاری کی ہے جوکہ سِلک اسلامک ڈویلپمنٹل ریٹ میں سرمایہ کاری کے موجودہ پورٹ فولیو کے علاوہ ہے۔گلوب ریذیڈنسی ریٹ نے اپنی فہرست سازی کے پہلے سال میں 3 روپے فی یونٹ کے منافع منقسمہ کا اعلان کیاہے۔ہم امید کرتے ہیں کہ ریٹ اسکیمیں منافع بخش ثابت ہونگی ہمیں ان سے پرکشش منافع منقسمہ حاصل ہونگے۔

ریٹ میں سرمایہ کاری کے علاوہ، ہماری سرمایہ کار کمپنی کے پروجیکٹ 'نیا ناظم آباد' کو شاندار عوامی قبولیت حاصل ہوئی ہے جو جاوداں کارپوریشن کی انتظامیہ کی اس ترقی کے لیے ان کے غیر متزلزل اعتماد اور اعتبار کا مظہر ہے۔سال کے دوران JCL نے اپنی اب تک کی سب سے زیادہ فروخت 16,827 ملین روپے اور 6,742 ملین روپے کا بعد از ٹیکس منافع حاصل کیا ہے۔

اسٹیل

ہماری سرمایہ کار، عائشہ اسٹیل ملز لمیٹڈ (ASML) کو بین الاقوامی HRC کی کم قیمتوں اور بدترین معاشی مشکلات اور قابو سے باہر صورتِ حال کی وجہ سے فروخت میں 60 فیصد کمی اور آمدن میں 52 فیصد کمی کا سامنا کرنا پڑا۔اس کی وجہ سے خام منافع 6.5 فیصد ہوا، جو گزشتہ سال کے 8.5 فیصد سے کم ہے، اور گزشتہ سال کے 1,146 ملین روپے بعد از ٹیکس منافع کے مقابلے 3,216 ملین روپے کا بعد از ٹیکس نقصان ہوا۔ان مشکلات کا مقابلہ کرنے کے لیے، ASML کے اسپانسر، جناب عارف حبیب نے نقصانات کے منفی اثرات کو پورا کرنے کے لیے کمپنی کو کوسی- ایکویٹی (quasi-equity) ملتوی شدہ مارک اپ کی بنیاد پر 4 ارب روپے دیئے ہے۔ہم ASML کے امور میں بتدریج بہتری کی توقع رکھتے ہیں۔

مستقبل کی پیش بینی

مالی سال کا آغاز کاروباری ماحول کا تقاضا کرتا ہے جس کی وجوہات بڑھتی ہوئی شرح سود، ٹیکس کی شرح اور افراطِ زر

ضم کرنے کے لیے مفاہمت، انتظامات اور تعمیر نو کی اسکیم کی منظوری دی جو کہ 1 جولائی 2022 سے نافذ العمل ہو گی۔ PFL کے اثاثوں اور واجبات کو کمپنی کے ذریعے حاصل کرنے کے علاوہ، فاطمہ پیکیجنگ لمیٹڈ، PFL کی ایک مکمل ملکیتی ذیلی کمپنی، اب FATIMA کی مکمل ملکیتی ذیلی کمپنی بن گئی ہے۔

PFL میں آپ کی کمپنی کی سرمایہ کاری کو مدنظر رکھتے ہوئے، FATIMA نے اپنے قابل بازیابی کلاس A کے حصص کی مساوی تعداد جاری کرنے کا اقرار کیا ہے، جس کی تفصیلات انفرادی مالیاتی گوشواروں کے نوٹ نمبر 6.3.1 میں دی گئی ہیں۔

مالیاتی خدمات

معاشی مشکلات اور سیاسی غیر یقینی صورتِ حال کے باعث پاکستان کی اسٹاک مارکیٹ میں مندی رہی۔ تجارتی قدر میں 36.5 فیصد کی کمی اور مارکیٹ میں اتار چڑھاؤ کے درمیان کوئی بڑی ایکویٹی ابتدائی عوامی پیشکشیں (IPOs) نہ ہونے کے باوجود AHL نے بخوبی 185 ملین روپے کا بعد از ٹیکس منافع پوسٹ کیا۔

آپ کی کمپنی نے اپنی اثاثہ جات کی انتظامی کمپنی، ایم سی بی-عارف حبیب سیونگز اینڈ انویسٹمنٹ لمیٹڈ (MCBAH) کی تمام شیئر ہولڈنگ کو MCB بینک کو فروخت کر دیا ہے۔ ضروری قانونی منظوری حاصل کرنے کے بعد اس کی فروخت 30 روپے فی حصص کی قیمت پر کی گئی۔

آپ کی کمپنی کو 236 ملین روپے منافع منقسمہ کی شکل میں مالیاتی خدمات کی ساتھی کمپنیوں سے حاصل ہوئے ہیں۔

ہوائی توانائی (ونڈ پاور)

آپ کی کمپنی کا وِنڈ پاور پروجیکٹ، سچل انرجی ڈویلپمنٹ (پرائیوٹ) لمیٹڈ (SEDPL) قومی گرڈ کو مسلسل صاف توانائی فراہم کر رہا ہے جس میں پلانٹ کی شروعات سے دستیابی 99 فیصد سے زیادہ ہے۔ SEDPL نے گزشتہ سال 1,956 ملین روپے کے مقابلے میں موجودہ سال 2,464 ملین روپے کا منافع ریکارڈ کیا ہے۔ آپ کی کمپنی نے سچل انرجی ڈویلپمنٹ (پرائیوٹ) لمیٹڈ (SEDPL) سے منافع منقسمہ کی شکل میں 1,236 ملین روپے کمائے ہیں۔

انفرادی طور پر کمپنی کو بعد از ٹیکس 972 ملین روپے کا نقصان ہوا جبکہ گزشتہ سال میں 3,758 ملین روپے کا منافع ہوا تھا۔اس کے نتیجے میں فی حصص نقصان 2.38 روپے رہا جبکہ گزشتہ سال 9.20 روپے فی حصص آمدنی تھی۔ یہ نقصان سرمایہ کاری کی پورٹ فولیو کی غیر وصول شدہ باز پیمائش کے ساتھ ساتھ سپر ٹیکس کی شرح میں 6 فیصد اضافے کی وجہ سے ہوا ہے جس کے نتیجے میں مؤخر ٹیکس واجبات کی باز پیمائش اور موجودہ سال کے لیے مؤثر ٹیکس کی شرح میں اضافے کی وجہ سے ٹیکس کے اخراجات میں خاطر خواہ اضافہ ہوا ہے۔ تاہم، سرمایہ کار کمپنیز کی جانب سے نقد منافع منقسمہ کی وجہ سے آپ کی کمپنی کی آمدنی کا معیار نمایاں طور پر بہتر ہوا ہے۔ 30 جون 2023ء کو اختتام ہونے والے مالی سال میں خسارے کی وجہ سے بورڈ نے سال کے دوران منافع کی تقسیم پر غور نہیں کیا۔

ذیلی اور ملحقہ کمپنیوں کی کارکردگی

ملک کی موجودہ مشکل معاشی صورتِ حال کے باعث ذیلی اور ملحقہ اداروں کی کارکردگی ملی جلی رہی۔ متنوع پورٹ فولیو کی وجہ سے، آپ کی کمپنی تسلّی بخش مجموعی منافع حاصل کرنے میں کامیاب رہی ہے۔

سرمایہ کاری شعبہ کا سرسری جائزہ

فرٹیلائیزر

فرٹیلائزر کے شعبے میں کمپنی کی قابل ذکر سرمایہ کاری ہے جس کی کل سالانہ پیداواری گنجائش 2.7 ملین ٹن ہے جس کے پلانٹ صادق آباد، شیخوپورہ اور ملتان میں فاطمہ فرٹیلائزر کمپنی لمیٹڈ (FATIMA) کے نام سے ہیں۔

FATIMA نے مستحکم کاروباری کارکردگی پیش کی۔ رواں مالی سال کے دوران اسکا مجموعی منافع بعد از ٹیکس 14,093 ملین روپے رہا جو کہ گزشتہ سال 15,014 ملین روپے تھا۔ آپ کی کمپنی کو کھاد کے کاروبار سے 1,117 ملین روپے منافع منقسمہ کی شکل میں حاصل ہوئے ہیں۔

کھاد کی مانگ کے مستحکم رہنے کی امید ہے اور مشکل کاروباری ماحول کے باوجود، FATIMA بہترین حجم کی دستیابی اور مضبوط حکمت عملیوں کی وجہ سے پائیدار ترقی کو درج کروانے کے لیے تیار ہے۔

سال کے دوران، لاہور ہائی کورٹ نے پاک ارب فرٹیلائزرز لمیٹڈ (PFL) کو فاطمہ فرٹیلائزر لمیٹڈ کے ساتھ اور اس میں

ڈائریکٹرز رپورٹ

محترم حصص یافتگان!

عارف حبیب کارپوریشن لمیٹڈ (AHCL) کے ڈائریکٹرز آپ کی کمپنی کے 30 جون 2023ء 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، رئیل اسٹیٹ اور حصص مارکیٹ میں بھی سرمایہ کاری کی ہے۔

معیشت

زیرِ نظر مالی سال میں پاکستان کے معاشی منظر نامے نے اہم مشکلات پیش کیں۔ ان مشکلات کی نشان دہی مہنگائی میں بڑھتی ہوئی نمایاں تیزی سے ہوئی، جس کے بعد شرحِ سود بہت بلند ہوئی۔ روپے کی قدر سال بھر بہت زیادہ دباؤ کا شکار رہی جس کی وجہ سے افراطِ زر میں اضافہ ہوا۔ سال کے دوران غیر ملکی زرِمبادلہ کے ذخائر بھی دباؤ میں رہے جس سے کاروباری اعتماد بری طرح متأثر ہوا اور جی ڈی پی (GDP) کی شرح نمو سست ہوئی۔ یہ عوامل عوامی مالیات کے لیے خاص طور پر منفی رہے ہیں اور ساتھ ہی بجٹ خسارہ بھی پیدا کر رہے ہیں۔ تاہم، سبکدوش ہونے والے مالی سال کے آخری دن، پاکستان آئی ایم ایف (IMF) کے ساتھ 3 ارب ڈالر مالیت کے 9 ماہ کے ایک نئے اسٹینڈ بائی ارینجمنٹ معاہدے میں داخل ہوا، جس نے معاشی صورتِ حال میں فوری بہتری پیدا کی۔

مالیاتی نتائج

کمپنی کو رواں مالی سال مجموعی طور پر 3,418 ملین روپے بعد از ٹیکس منافع ہوا (جو سرپرست کمپنی کے مالکان سے منسوب کیا جاتا ہے) جب کہ گزشتہ مالی سال میں بعد از ٹیکس منافع 3,474 ملین روپے تھا۔ یہ گزشتہ سال 8.50 روپے فی حصص آمدنی کے مقابلے میں اس سال 8.37 روپے فی حصص آمدنی کی ترجمانی کرتا ہے۔

Form of Proxy 29th 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 Nine Annual General Meeting of the Company to be held on 28 October 2023 and/or any adjournment thereof.

Signed this ___________ day of ___________ 2023.

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.

پراکسی فارم

29th سالانہ جنرل اجلاس

کمپنی سیکریٹری
عارف حبیب کارپوریشن لمیٹڈ
عارف حبیب سینٹر
23،ایم ٹی خان روڈ
کراچی۔

میں مسمّٰی / مسماۃ ---------------ساکن ---------------------------ضلع ----------------

بحثیت ممبر عارف حبیب کارپوریشن لمیٹڈ، مسمّٰی / مسماۃ ---

ساکن -------------------------کو بطورِ مختار (پراکسی) مقرر کرتا ہوں تا کہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاسِ عام جو بتاریخ 28 اکتوبر، 2023 کو منعقد ہو رہا ہے میں اور ان کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط: ---------------بروز/ بتاریخ ---------------2023

گواہان:

1	2	
نام: ----------	نام: ----------	
پتہ: -----------	پتہ: -----------	دستخط ریوینیو اسٹیمپ
شناختی کارڈ نمبر: ----------	شناختی کارڈ نمبر: ----------	
دستخط: -----------	دستخط: -----------	

نوٹ:

- وہ رُکن جسے یہ اجلاس یا اجلاس میں ووٹ کا حق حاصل ہے وہ کسی ناگزیر صورتحال میں اپنی جگہ کسی دوسرے (مخصوص) رُکن کو یہ حق دے سکتا ہے کہ وہ رُکن اُس کی پراکسی استعمال کرتے ہوئے، اُس کے بجائے اجلاس میں شریک ہوسکتا ہے، خطاب کرسکتا ہے یا ووٹ کا اندراج کرسکتا ہے۔
- پراکسی ثابت کرنے کے لئے اُسے اپنا اصل پاسپورٹ اور فولیو نمبر سے دکھانا لازمی ہے تا کہ اجلاس میں شرکت کی اجازت سے قبل اُس کی شناخت کی جا سکے۔
- مئوثر بنانے کے لئے، پراکسی فارم ہمارے رجسٹرار کے دفتر (ایم/ایس) سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ سی ڈی سی ہاؤس، B-99، ایس، ایم، سی، ایچ، ایس، شاہراہِ فیصل، کراچی، پاکستان، میں اجلاس سے کم از کم 48 گھنٹے قبل وصول ہونا لازمی ہے۔ فارم میں تمام مطلوبہ معلومات، رُکن کے دستخط اور مہر، نیز دو گواہان کی بنیادی معلومات یعنی نام پتے، دستخط اور شناختی کارڈ نمبر کا اندراج ضروری ہے۔
- انفرادی رُکن کی صورت میں اصل اونر اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک کرنا لازمی ہے۔
- پراکسی کے کارپوریٹ ہونے کی صورت میں بورڈ آف ڈائیریکٹر کی قرارداد، پاور آف اٹارنی، شناختی کارڈ اور پاسپورٹ کی تصدیق شدہ نقول، پراکسی فارم کے ساتھ منسلک کرنا ضروری ہے۔

Arif Habib Corp

ARIF HABIB CORPORATION LIMITED
BALLOT PAPER FOR VOTING THROUGH POST

For the Special Business at the Annual General Meeting to be held on Saturday, 28th October 2023 at 10:00 a.m. at PSX Auditorium, Stock Exchange Building, Stock Exchange Road, Karachi as well as through electronic means.

Designated email address of the Chairman at which the duly filled in ballot paper may be sent:

chairman.generalmeeting@arifhabibcorp.com

Name of shareholder / Joint shareholder(s) / Proxyholder	
Registered Address:	
Folio /CDC Participant / Investor ID with sub-account No.	
Number of shares held	
CNIC / Passport No. (in case of foreigner) (copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government)	
Name of Authorized Signatory:	
CNIC / Passport No. (in case of foreigner) of Authorized Signatory – (copy to be attached)	

I/we hereby exercise my/our vote in respect of the following resolutions through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (√) mark in the appropriate box below:

Sr. No.	Nature and Description of resolutions	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
1.	**Agenda item no. 4** To approve the following in connection with transactions with related parties : i. ratification and approval of related parties transactions / arrangements / agreements / balances as disclosed in audited financial statements for the year ended June 30, 2023, ii. authorize the Board of Directors of the Company to approve those transactions with related parties (if executed) during the financial year ending June 30, 2024 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 transactions / arrangements / agreements / balances with related parties as disclosed in the audited financial statements for the year ended June 30, 2023 be and are hereby approved. **Further 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 June 30, 2024. **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).			

2.	Agenda item no. 5	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)

Agenda item no. 5

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 consesnt 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 :

- fresh limit of additional investment amounting to Rs.3,000 Million be allocated for the REIT Schemes under management of Arif Habib Dolmen REIT Management Ltd. (associated company), subject to the terms and conditions as mentioned in Annexure-B of Statement under Section 134(3), to be utilized in any form / nature of investment including equity, loans, advances, running finance, guarantee, indemnity, pledge of shares etc., valid for a period upto next annual general meeting, which shall be renewable thereon for further period(s) as specified.
- renewal of following unutilized limits of equity investment, and sanctioned limits of loans / advances / guarantees etc. 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), for a period upto next annual general meeting, unless specifically approved for a longer period, and shall be renewable thereon for further period(s) as specified.

Sr.	Name of Associated Companies & Undertakings	Amount in million	
		Renewal Requested	
		Unutilized Equity Portion	Sanctioned Loan/ Advance/ Guarantee etc.
		PKR	PKR / USD
1.	Javedan Corporation Ltd.	1,359	PKR 3,132
2.	Arif Habib Ltd.	257	PKR 5,500
3.	MCB-Arif Habib Savings and Investments Ltd. (Now: MCB Investment Management Ltd)	To be lapsed	
4.	Pakarab Fertilizers Ltd.	* To be merged with Fatima Fertilizer Company Limited	
5.	Fatima Fertilizer Company Ltd	*2,800	*PKR 2,000
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.	706	PKR 8,146 plus USD 80
9.	Power Cement Ltd.	789	PKR 1,500 plus USD 49
10.	Sachal Energy Development (Pvt.) Ltd.	754	PKR 1,000 plus USD 100
11.	Safe Mix Concrete Ltd.	250	PKR 250
12.	Dolmen City REIT	** To be merged with REITS under management of Arif Habib Dolmen REIT Management Ltd	
13.	Pakistan Corporate CBD REIT		
14.	REIT Schemes under management of Arif Habib Dolmen REIT Management Ltd.	**11,259	***

	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 that : * consequent to sanction of the Scheme of Arrangement by Honourable Lahore High Court for merger / amalgamation of Pakarab Fertilizers Limited (PAFL) into Fatima Fertilizer Company Limited (Fatima), transfer / merger of respective approved limits of PAFL for equity and running finance investments into existing approved limits of Fatima is hereby approved. ** unutilized approved equity investment limits of Rs.799 Million pertaining to Dolmen City REIT and Rs.1,721 million pertaining to Pakistan Corporate CBD REIT, be hereby approved to me merged with additional and unutilized limits allocated for the REIT Schemes under management of Arif Habib Dolmen REIT Management Ltd. (associated company), to be utilized in any form / nature of investment including equity, loans, advances, running finance, guarantee, indemnity, pledge of shares etc. *** unutilized equity investment limit of Rs.8,740 Million for the REIT Schemes under management of Arif Habib Dolmen REIT Management Ltd. (associated company), be hereby approved to be utilized in any form / nature of investment including equity, loans, advances, running finance, guarantee, indemnity, pledge of shares etc. **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.			
3.	**Agenda item no. 6** To approve circulation of the Annual Audited Financial Statements (including Balance Sheet, Profit and Loss Account, Auditor's Report, Director's Report and other reports contained therein) to Members of the Company through QR enabled code and weblink, by passing the following ordinary resolution with or without modification: **Resolved that**, as allowed by the Securities and Exchange Commission of Pakistan vide S.R.O. 389(I)/2023 dated 21st March 2023, circulation of Annual Audited Financial Statements of the Company to Members through QR enabled code and weblink instead of CD/DVD/USB be and is hereby approved.			

NOTES:

1. Dully filled postal ballot should be sent to the Chairman of Arif Habib Corporation Limited through post at Arif Habib Centre, 23, M.T. Khan Road, Karachi, Pakistan (Attention of the Company Secretary) **OR** through the registered email address of shareholder at chairman.generalmeeting@arifhabibcorp.com
2. Copy of CNIC / Passport No. (in case of foreigner) should be enclosed with the postal ballot form.
3. Postal ballot forms through post or email should reach the Chairman by Friday, **27th October 2023 before 5:00 p.m.** Any postal ballot received after this date and time, will not be considered for voting.
4. Signature on postal ballot should match with signature on CNIC / Passport No. (in case of foreigner).
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.
6. This postal Poll paper is also available for download from the website of Arif Habib Corporation Limited at https://www.arifhabibcorp.com/downloads/BallotPaper-AGM-2023-AHCL.pdf Shareholders may download the ballot paper from website or use the same ballot paper as published in newspapers.

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Signature of shareholder(s)/ Proxy Holder(s)/Authorized Signatory
(In case of corporate entity, please affix company stamp)

Place: __________________________

Date: __________________________

Arif Habib Corp

Arif Habib Centre
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Group website: www.arifhabib.com.pk