

CONTINUING  
THE LEGACY  
LEADERSHIP



Annual Report 2023



# AHLAT A GLANCE



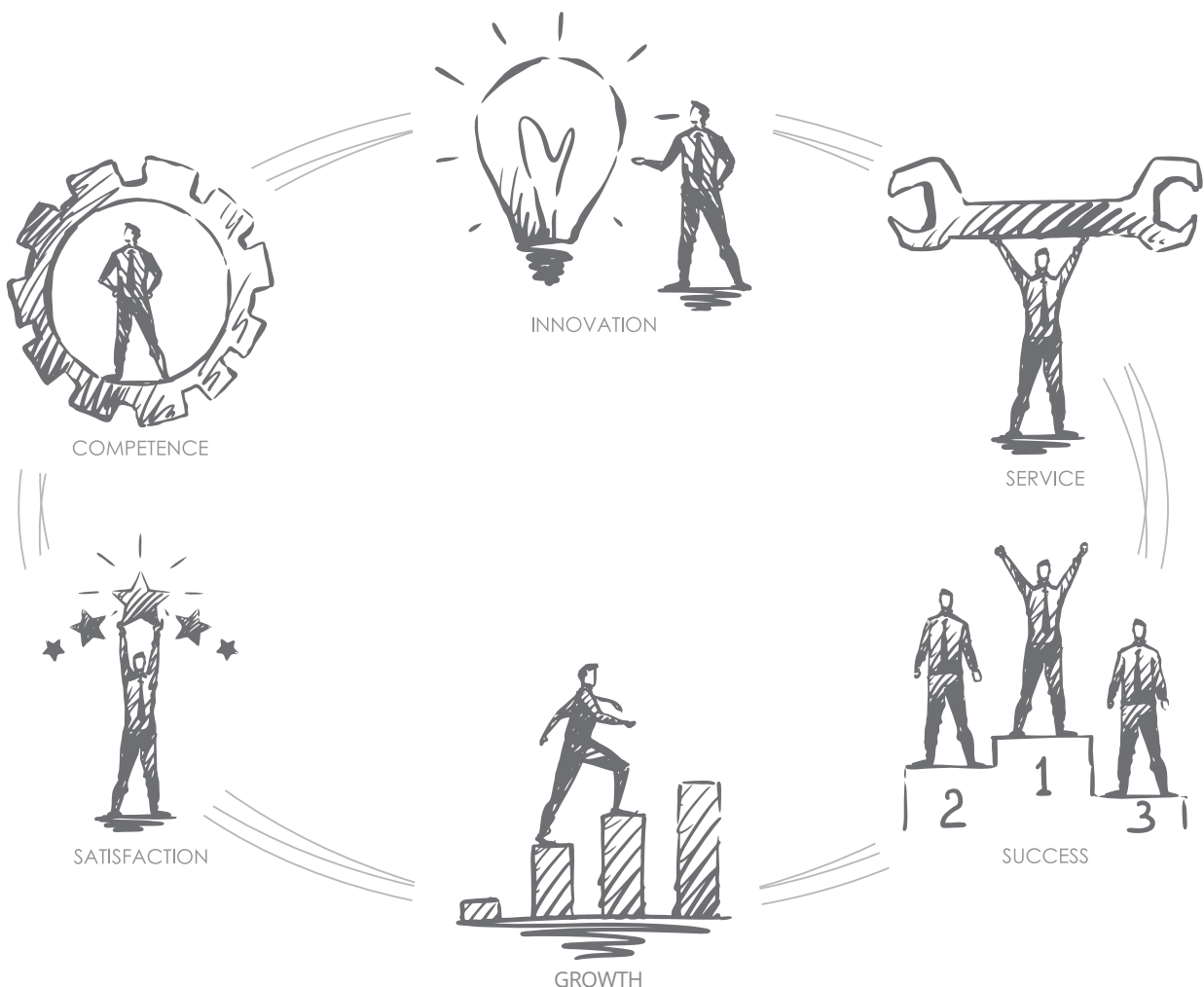


# WE ARE ARIF HABIB LIMITED

Arif Habib Group has been serving the investors for over four decades. Over the years the company has constantly evolved and adapted to changing times. As a premium brokerage and financial services, AHL strives to build an environment that promotes team work, leadership and resilience to better serve the ever growing market.

During testing economic conditions, AHL has always endeavored to deliver consistent results to its trusting family of investors. It is only through consistency that we are able to maintain high levels of client satisfaction and have achieved industry wide recognition for our work.

Being steadfast, determined and persistent are characteristics that strongly resonate with AHL's code of conduct.



# AWARDS & RECOGNITION



Best Investment Bank Country Awards – 2022  
FinanceAsia

Best Brokerage House – 2022  
International Finance



Pakistan's Best Investment Bank: 2022  
EuroMoney

Best Securities House - 2022  
Asiamoney



Best Investment Bank - 2022  
Asiamoney

Best Forex Mobile App: AHL Tick App - 2022  
The European



Most Innovative Financial Market Brokerage - 2022  
The European





**Most Trusted Forex Broker: 2022**  
The European

**Best Corporate Finance House of the Year Equity and Advisory – 2022**  
CFA Society Pakistan



**Best Equity Brokerage House – 2022**  
CFA Society Pakistan

**Best Economic Research House - 2022**  
CFA Society Pakistan



**Best Research Analyst – 2022**  
CFA Society Pakistan

**Best Equity House Pakistan – 2022**  
Global Business Outlook



# ANNUAL EXCELLENCE AWARDS



CFA Society  
Pakistan

## BEST EQUITY BROKERAGE THE YEAR FY2022



### CONGRATULATIONS!

ARIF H  
L I M I





AWARDS 2022

19th Annual  
Excellence Award

HOUSE OF



CONTINUING  
THE LEGACY OF  
**ACHIEVEMENT**





# CONTENTS

**08**  
COMPANY  
INFORMATION

**12**  
VISION  
STATEMENT

**12**  
MISSION  
STATEMENT

**14**  
OUR  
VALUES

**15**  
CODE OF  
CONDUCT

**16**  
CORPORATE  
STRATEGY

Corporate Social Responsibility	17
Social Development	18
Corporate Development	19
Directors' Profiles	22
Chairman's Review	28
Directors' Report	30
Organizational Structure	40
Financial & Business Highlights	44
Graphical Representation	46
Vertical Analysis of Financial Statements	50
Horizontal Analysis of Financial Statements	52
Statement Of Compliance With Listed Companies (Code of Corporate Governance) Regulations, 2019	54
Review Report On The Statement of Compliance Contained In Listed Companies (Code Of Corporate Governance) Regulations, 2019	56
Auditors' Report to the Members	57
Unconsolidated Statement of Financial Position	62
Unconsolidated Statement of Profit & Loss Account	63
Unconsolidated Statement of Other Comprehensive Income	64
Unconsolidated Statement of changes in Equity	65
Unconsolidated Statement Cash Flows	66
Notes to the Unconsolidated Financial Statements	67
Auditors' Report to the Members	119
Consolidated Statement of Financial Position	124
Consolidated Statement of Profit & Loss Account	125
Consolidated Statement of Other Comprehensive Income	126
Consolidated Statement of changes in Equity	127
Consolidated Statement Cash Flows	128
Notes to the Consolidated Financial Statements	129
Notice of Eighteenth Annual General Meeting	184
Categories of Shareholders	222
Directors' Report (Urdu)	230
Proxy Form	

# COMPANY INFORMATION

## Board of Directors

Mr. Zafar Alam	Chairman & Independent Director
Mr. Muhammad Shahid Ali Habib	Chief Executive Officer & Executive Director
Mr. Haroon Usman	Non-executive Director
Ms. Sharmin Shahid	Non-executive Director
Ms. Nida Ahsan	Non-executive Director
Dr. Muhammad Sohail Salat	Independent Director
Mr. Mohsin Madni	Non-executive Director

## Audit Committee

Dr. Muhammad Sohail Salat	Chairman
Mr. Haroon Usman	Member
Mr. Mohsin Madni	Member

## Human Resource & Remuneration Committee

Dr. Muhammad Sohail Salat	Chairman
Mr. Haroon Usman	Member
Mr. Muhammad Shahid Ali Habib	Member
Ms. Nida Ahsan	Member

## Company Secretary & Chief Financial Officer

Mr. Muhammad Taha Siddiqui

## Auditors

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

Credit Rating  
JCR-VIS Credit Rating Company Limited

## Management Rating

The Pakistan Credit Rating Agency

## Legal Advisors

Muhammad Zubair  
Advocate High Court



## Bankers

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

## Registrar & Share Transfer Office

Share Registrar Department  
Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block-B  
S.M.C.H.S., Main Shahra-e-Faisal  
Karachi-74400  
Tel: Customer Support Services:  
0800-CDCPL (23275)  
Fax: (92-21) 34326053  
Email: info@cdcpak.com  
Website: www.cdcpakistan.com

## Registered Office

Arif Habib Centre  
23, M.T. Khan Road Karachi-74000  
UAN: (92-21) 111-245-111  
Fax No: (92-21) 32416072; 32429653  
E-mail: info@arifhabibltd.com  
Company website: www.arifhabibltd.com  
Online Trade: www.ahletrade.com  
Branch Reg. No: BOA-050/01

## Lahore Branch

Office Nos. G-05 & G-06, Ground Floor, LSE Plaza 19,  
Khayaban-e-Aiwan-e-Iqbal, Lahore  
Tel: +92 (42) 3631 3710, +92 (42) 3631 3700-1,  
+92 (42) 3631 3702,+92 (42) 3631 3703

## Islamabad Branch

Office No. 506, 5th Floor, ISE Towers, Jinnah Avenue,  
Islamabad  
Tel: +92 (51) 2894505 – 06

## Peshawar Branch

Shops No. F16 & F17, 1st Floor, The Mall Tower,  
Peshawar Cantt.  
Tel: +92 91 5253910-13

## Faisalabad Branch

Office No. 04, 3rd Floor Legacy Tower, Kohinoor  
City, Faisalabad.  
Tel: +92 41 8531010-3

## Multan Branch

Office No. 5, 3rd Floor, United Mall, Plot No. 74,  
Abdali Road, Multan  
Tel: +92 61 4514413

## Rahim Yar Khan Branch

Shop # 2, Basement, Basheer Plaza, Opposite Town  
Hall, 12 A Model Town, Rahim Yar Khan  
Tel: +92 68-5870230,

A hand is shown in the foreground, interacting with a digital interface. The background features a dark blue world map with a grid overlay. Various data visualization icons are scattered across the map, including a bar chart, a pie chart, and several user profile icons. Dashed white lines connect these icons, suggesting a network or data flow. The overall aesthetic is modern and technological, with a focus on innovation and global connectivity.

# CONTINUING THE LEGACY OF **INNOVATION**





# OUR VISION

Our Vision is to be the most Preferred and Respected Financial Institution, renowned for our expertise in Securities Brokerage and Investment Banking Services.

# OUR MISSION

Our Mission is to create value for our stakeholders by providing outstanding securities Brokerage Services and Investment Banking solutions to our customers. We strive to build an environment that encourages teamwork at the workplace to deliver superior products and services and to serve the development of our capital market.



# OUR VALUES



## INTEGRITY

We conduct ourselves with uncompromising integrity and honesty as individuals, as teams and as a Company



## EFFICIENCY

We pride ourselves on our efficiency which plays a major role in identifying and capitalizing opportunities in all aspects of our businesses and operations



## CREDIBILITY

We strive to earn enduring credibility which we believe is essential to long-term business relationships



## SOCIAL RESPONSIBILITY

We hold sound governance values and a responsible approach to social and environmental risks which begins with our people and communities



# CODE OF CONDUCT

Arif Habib Limited strongly believes in running its business progressively without compromising on the best ethical standards as guided by the

**“CODE OF ETHICS AND BUSINESS PRACTICES”**





# CORPORATE **STRATEGY**

- Strive continuously to maximize value for our clients & stakeholders.
- Control credit, market and operational risk to mitigate overall risk.
- Provide Pro-active and effective services to our clients.
- Expand the range of our product and services.
- Continue exercising high level of ethical standards.



# CORPORATE **SUSTAINABILITY** REPORT

Arif Habib Limited (AHL) is a firm believer in sustainable development. At AHL, we pride ourselves in contributing to the betterment of the lives of our communities and the people of Pakistan. Corporate philanthropy and development are means to this, which allows us to give back to the people around us.

As a responsible member of the business society, we are actively working with local bodies and authorities to find ways in which we can help with various social programs and development projects.



# CORPORATE DEVELOPMENT

**PKR 663,875:** 19th Annual Excellence Awards Ceremony: Organized by CFA Association of Pakistan, the event recognized the excellence achieved by financial institutions and professionals in different categories.

THE COMPANY HAS ALSO CONTRIBUTED TO THE EXCHEQUER BY PAYING AN AMOUNT OF **PKR 184,386,623** IN TERMS OF DIRECT AND INDIRECT TAXES DURING THE YEAR.



# SOCIAL DEVELOPMENT

**PKR 1,500,000:** Momina & Duraid Foundation: Arif Habib Limited contributed towards the "HumDard Telethon" organized by Momina & Duraid Foundation and supported their efforts for helping flood victims in Pakistan.

**PKR 1,000,000:** Baitus Saaliheen Society: Is an initiative for welfare and community development. Arif Habib Limited collaborated with Baitus Saaliheen Society to help all those who have suffered unprecedented devastation due to the worst calamities/recent floods all over Pakistan.

**PKR 500,000:** Ali Hasan Mangi Memorial Trust: Is an integrated rural development project working to provide families with education, healthcare, electricity and basic services in upper Sindh. Their mission is to help uplift the lives of people in impoverished village communities in the Sindh Province, Pakistan through integrated rural development. They started with Village Khairo Dero in District Larkana in 2008, aiming to create a model community where families have access to basic facilities such as water, cooking gas, shelter, toilets, built-up kitchens, electricity and small loans to improve income as well as community infrastructure such as a sewerage system, schools, free clinics, a public library, a playground and skills training. A decade later, they have expanded to almost 250 villages in three districts. Their model is based on the combined efforts of donors, our team and the communities themselves.

**PKR 200,000:** Memon Health & Education Foundation: Is a project of Memon Health & Education Foundation (MHEF) has been established and proudly serving the community with a vision to be a role model for caring, curing, education, research and employment. The mission assigned to this state-of-the-art hospital is to provide accessible and affordable quality health care and education to all with empathy, dignity and respect; irrespective of their caste, creed, color, religion or the ability to pay.

**PKR 100,000:** Million Smiles Foundation: Is a not-for-profit organization which aims to end poverty in all its forms everywhere, pledges to end hunger, achieve food security, improve nutrition and promote sustainable agriculture, aims to ensure good health and wellbeing, aims to ensure inclusive and equitable education, gender equality, clean water and sanitation supports. Foundation also focuses on taking action to combat climate change and its impacts.

**PKR 100,000:** Karachi Relief Trust: Karachi Relief Trust is Disaster Management Voluntary Organization originally established to provide relief to the people afflicted in the provinces by natural disasters. Their efforts continue to assist the victims of natural disasters and their cause remains to support them in their hour of need.



# BOARD OF DIRECTORS



Sharmeen Shahid  
Non-Executive Director



Mr. Muhammad Sohail Salat  
Independent Director



Mr. Haroon Usman  
Non-Executive Director







**Mr. Mohsin Madni**  
Non-Executive Director

**Mr. Muhammad Shahid Ali Habib**  
Chief Executive Officer & Executive  
Director

**Mr. Zafar Alam**  
Chairman & Independent  
Director

**Ms. Nida Ahsan**  
Non - Executive  
Director



# DIRECTORS' PROFILES





## MR. ZAFAR ALAM

Chairman & Independent Director

With decades of experience in financial markets, Zafar Alam brings a unique blend of global leadership, innovative vision and in-depth financial knowledge. As a business leader in investment banking encompassing Origination, Trading, Sales and Asset Management he has lead teams of over 400 people and delivered revenues of over a billion dollars. He has been a key member of the Top Executive Group - TEG at ABN AMRO and RBS Bank.

Holding a master's degree in Nuclear Physics, Zafar Alam joined ABN AMRO as Investment Manager in Dubai. In 1988 he moved to Hong Kong as Head of ABN AMRO Securities & Finance Co., focusing on fixed income trading and sales. In 1990 he started the brokerage and origination business for Asian equities. In 1995, he was asked by the bank's senior leadership to move to Singapore, to lead and build the local markets business, as Head of Local Markets and Credit Trading.

As a passionate innovator, Zafar Alam had the vision to enter into Fixed Income and Derivatives markets. The bank was only active in FX sphere however his input gave the direction to add Fixed Income and Derivatives as the market was set to take off in the aftermath of the Asian crisis. The activities included origination, trading and sales in thirteen Asian countries.

In 2002, he was appointed as Managing Director and moved to London as Global Head of Emerging Markets responsible for origination, trading and sales, before taking on his new role in Equities.

As Global Head of Equity Derivatives Sales in the enlarged RBS Global Banking & Markets Group; he was responsible for combining the successful Private Investor Products (PIP) and Institutional/Corporate business of ABN AMRO and RBS. He was responsible for developing, manufacturing and distributing structured products consisting of multi-assets. In one year, he turned a USD 150 million business into a USD 1 billion business.

In 2010, he became Head of Equities and Structured Retail Sales for Middle East and Africa, based in Dubai focused on building an Equities platform. He also managed the Structured Equities Solution team which provided equity financing with an overlay of derivative solutions.

Zafar Alam has always had a strong belief in technology and been a visionary for a digital future. Zafar Alam is a chairman and founder of ELIGIBLE.ai, an award winning Fin-Tech company in the UK loan servicing market. ELIGIBLE.ai is a digital servicing solution using behavioral segmentation to personalize every consumer's journey. Allowing financial institutions to instantly educate, empower and retain their customer base. The Fin-Tech services over GBP 15 billion in mortgages making it the 5th largest consumer database in the UK.

With the combination of his extensive experience across sectors and markets, Zafar Alam has also been entrusted as a Partner at Silver Tree HK LTD., an asset management fund based in Hong Kong with over USD 250 million Assets Under Management (AUM).





# MR. SHAHID ALI HABIB

## Chief Executive Officer & Director

Shahid has a proven track record of establishing successful business organizations and turning around ventures into vibrant units. He has over 25 years of experience in the fields of Securities Brokerage, Banking, Corporate Finance and Investment Banking.

He joined AHL in 2013, as Chief Executive, responsible for all investment banking and Securities brokerage activities. Shahid has worked on over 50 transactions and raised more than PKR 350 billion across equity, structured equity and bonds for both corporate and sovereign clients. He was the Domestic Team Leader of Pakistan's largest equity market transaction, "The HBL Secondary offering" worth PKR 107 bn and others significant transactions including UBL secondary offering of PKR 41 bn and Engro Fertilizers offering of PKR 20 bn. He has also originated several M&A transactions over the years.

During his tenure, AHL was awarded 'Best Equity Brokerage House' multiple times by the CFA Association of Pakistan (CFAP) and Best Investment Banking House by Asiamoney and The Asset. The company also has the distinction of being awarded Best Investment Banking House for 9 consecutive years by CFAP and multiple times by Asiamoney, FinanceAsia and The Asset during his tenure as CEO. The growth and progress made under his guidance has also been acknowledged by Pakistan Stock Exchange (PSX) with AHL the only brokerage house to be a multiple recipient of the 'Top 25 listed companies award'.

Shahid has previously served as Executive Director and Chairman of a few local equity brokerage and financial services institutions and also worked at leading banks in Saudi Arabia and Canada. He regular serves as member of various committees at the PSX including Development and Trading Affairs Committee, New Product Committee, Companies Affairs and Corporate Governance Committee.

He holds an MBA in Finance from the Institute of Business & Administration (IBA) and has a Certification in Finance from London School of Economics (LSE) as well as a Bachelor's degree in Computer Science from FAST ICS.



## MR. MUHAMMAD SOHAIL SALAT

Independent Director

Dr. Muhammad Sohail Salat is a qualified and highly reputed Pediatrician and Neonatologist who has a Bachelor of Medicine and Bachelor of Surgery from Dow Medical College Karachi. He has a certification in General Pediatrics from United States of America and Fellowship in Neonatology, holding a Foreign Medical Graduate Examination in Medicine from the US and is licensed from Pakistan Medical and Dental College.

He completed his Residency in Pediatrics from Maimonides Medical Center and Interfaith Medical Center, Downstate University of New York and Fellowship in Neonatal Perinatal Medicine from Westchester Medical Center, New York Medical College, USA.

Sohail is associated with the Pakistan's top medical health care services provider, The Aga Khan University Hospital (AKUH) Karachi (Department of Pediatrics and Child Health) and is currently working as an Associate Professor. He holds director post in education, clinical areas and also chaired various administration posts in AKUH. He was previously associated with Ziauddin Medical University, Karachi.

Sohail is regarded as an expert in the fields of Pediatrics, Child Health and Neonatal Perinatal Medicine and has had numerous publications on those subjects and presented his work at various leading local and international conferences. He is actively involved in Pakistan Pediatric Association (PPA) a nonpolitical organization for the better care of Pediatric patients in Pakistan. He is currently associated with PPA including Advisor to Neonatology group of PPA and currently holds the post of Treasurer of Pakistan Pediatrics Association (Center) and general secretary Pakistan Society of Inherited Metabolic disorders (PSIMD).



## MR. HAROON USMAN

Non - Executive Director

Mr. Haroon Usman is a Commerce Graduate and a Fellow Member of the Institute of Cost and Management Accountants of Pakistan. He has over 50 years' experience in the fields of commerce, finance and industry. He has served a number of local and foreign organizations of repute in different executive positions related to accounts, finance, general management and consultancy, both in Pakistan and abroad.



## MR. MOHSIN MADNI

Non - Executive Director

Mohsin has been associated with Arif Habib Corporation for a over decade and currently serves as the Chief Operating Officer and Chief Financial Officer at Arif Habib Corporation Limited (AHCL). 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.



## SHARMIN SHAHID

Non - Executive Director

Ms. Sharmin Shahid has over 22 years of experience in the field of Securities Brokerage and Portfolio Management. She was awarded the top position in her Bachelor's Degree in Commerce and has also participated in the Directors' Training Program. She has been awarded the Top 25 Companies Award on behalf of AHL for several years.

Sharmin actively participates in welfare activities and remains one of the trustees of Memon Health and Education Foundation (MHEF). Under her patronage & direction AHL has continued to excel and become a leading name in the industry.





# NIDA AHSAN

Non Executive Director

Ms. Nida Ahsan is a Commerce Graduate. She represents the Arif Habib family who are the majority owners of the Arif Habib Group and have made significant contributions in the development of Securities Market in Pakistan.

She has over 18 years' experience of investing in listed securities including a number of first and second tier stocks.



# CHAIRMAN REVIEW

Review Report by the Chairman on the overall performance of Board and effectiveness of the role played by the Board in achieving the Company's objectives:

The Board of Directors ("the Board") of Arif Habib Limited ("AHL") has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner.

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

The Board during the year ended 30 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, Human Resource and Remuneration Committee and has approved their respective terms of references. The Board 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 and that the five directors on the Board have already taken certification under the Directors Training Program (DTP) and the remaining directors meet the qualification and experience criteria of the Code;
- The Board has ensured that the meetings of the Board and that of its committee 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;
- 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 director's 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 board continues to explore opportunities to deploy innovative technologies into the financial markets. Emerging Fintechs will allow us to reduce the cost/income ratios of our products and services particularly in retail markets. Mirroring the innovation seen around the world; Pakistan can provide greater accessibility for retail investors - while the self-serve nature of these journeys provides attractive unit economics for the product and service providers.

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 AHL has played a key role in ensuring that the Company objectives' are not only achieved, but exceeded expectations through a joint effort with the management team and guidance and oversight by the Board and its members.



**Zafar Alam**  
Chairman  
September 26, 2023





# DIRECTORS' **REPORT**



On behalf of the Board of Directors of the Company, it gives me immense pleasure to present the Annual Report of the Company for the year ended June 30th, 2023 together with the audited financial statements for the year in accordance with the accounting, regulatory and legal standards and requirements.

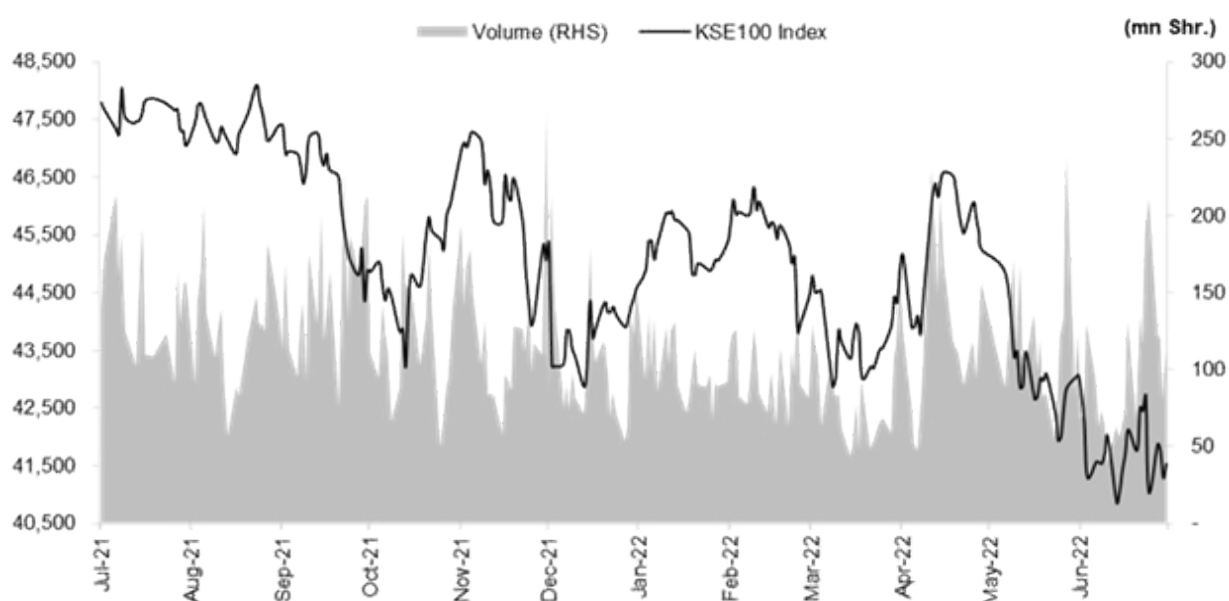
## Economic Performance

FY23 will be remembered as the most challenging period for the country in decades. Nearly all macroeconomic indicators deteriorated during the course of the year with CPI hitting a record 38.0% in May'23 (the highest since data available) and averaging 29.18% in FY23, forcing the central bank to hike the policy rate by 825bps to a record high 22.0%. Record high interest rates and rising current expenditures drove the fiscal deficit to a record PKR 6,521bn (7.7% of GDP). Things weren't any better on the external front as a combination of debt repayments and lack of external inflows amid continued deadlock with the IMF caused reserves to fall to an alarmingly low level of USD 2.9bn (barely 3 weeks of import cover). Resultantly the Rupee depreciated a massive 28% versus the USD. The external account situation could have worsened further if the central bank had not taken serious administrative measures to curb imports. In the backdrop of a challenging fiscal and external account position, the real sector also suffered with GDP growth nosediving to a meager 0.29% as industrial production plummeted (10.26% contraction in LSM) due to a combination of weak demand and restriction on raw material imports.

A silver lining in the midst of these macro vulnerabilities was the breakthrough with the IMF on a new 9-month Standby Agreement in June, paving the way for the release of USD 1.0bn first tranche and a further USD 3.2bn of flows from friendly countries which were tied to an IMF endorsement. Resultantly, FX reserves recovered from multi-year lows to around USD 8.6bn and are currently hovering around USD 7.6bn (7 weeks of import cover). The IMF agreement has also provided much-needed breathing space and direction to the caretaker government which is expected to stay for an extended period of time following the notification of the new census results.

## Stock Market Performance

In FY23, Pakistan's stock market remained flat amid a challenging economic environment and political uncertainties throughout the year. The equity market experienced a period of high volatility due to uncertain events triggered by various external and macroeconomic factors, which negatively impacted investor sentiment. These factors included deteriorating external account position, delays in the resumption of an IMF program, a significant increase in the fiscal deficit, record high inflation and a substantial policy rate hike of 825 basis points, with rates reaching a historic high of 22.0%.





The benchmark KSE-100 index closed FY23 at 41,453 points, down -0.2% / 88 points YoY. The steep PKR depreciation took the US\$ based return to a negative 28.5%, compared to -32.5% during FY22. As various exogenous and macroeconomic indicators turned south, market participation remained lackluster with average volumes down 34% YoY to 192 million shares while the average traded value declined 54% to US\$ 25 million. Textiles Weaving (-48% YoY), Cable and Electrical (-43% YoY), Pharmaceuticals (-41% YoY), Miscellaneous (-40% YoY), Auto Parts (-39% YoY), Transport (-31.7% YoY), and Refinery (-27.5% YoY) etc. were major underperformers during FY23. In contrast, leasing (+192% YoY), Sugar (+67% YoY), Synthetic (+62% YoY), Investment Banks (+27% YoY) Power Generation (26%) YoY), Real Estate (+15% YoY), Technology (+15% YoY), Cement (+12% YoY), Fertilizer (+8% YoY), and Oil and Gas Exploration (+4% YoY) etc. remained noticeably outperformers.

Foreign investors remained marginal net buyers after seven consecutive years of net outflows with a net inflow of US\$ 2 million (FY22: US\$ -298 million) mainly concentrated in i) Technology (US\$ 43 million), ii) Oil and Gas Exploration (US\$ 27 million), iii) Power generation (US\$ 6 million), iv) Oil and Gas Marketing (US\$ 5 million), and v) Textile (US\$ 3 million). In contrast, foreigners were net sellers in i) Commercial banks (US\$ 54 million), ii) Fertilizer (US\$ 10 million), iii) Food (US\$ 3 million), and iv) Cement (US\$ 1 million).

## Financial Performance

We are pleased to share with you that the financial performance of AHL for FY23 has been strong across the board despite multiple headwinds. Your company achieved brokerage revenue of Rs. 471.21 million and investment banking revenue of Rs. 343.5 million. The operating revenue from brokerage and investment banking & advisory was recorded at Rs. 878.0 million in FY23 as against Rs. 977.4 million in FY22, a 10% decline YoY. The performance is commendable in the backdrop of a 36.5% decline in traded value and just one IPO on the mainboard in the outgoing financial year amid low market valuations and higher volatility.

The short-term investment portfolio also took a hit due to deteriorating market conditions, however, this was offset by realized and unrealized gains on our real estate investment portfolio resulting in a total revenue of Rs. 8.0 million.

AHL is continuously working to improve its services and has invested in technology and workforce to better serve its customers. While this has resulted in higher fixed costs, you company has managed to limit the increase in operating expenses to 4.7% YoY. Finance cost of the company increased by 223.5% due to higher interest rates amid aggressive monetary tightening by the central bank as well as increased utilization of borrowing lines for diversification of company's investment in better opportunities.

## Broking Operations

Broking operations posted a total revenue of Rs. 471 million in FY23, which is 8.9% lower when compared with FY22 although traded values witnessed a decline of 36.5% YoY. We made conscious efforts to increase our market share through higher penetration in the growing retail and online market. Further we have added traders to better service institutional and HNWI clients resulting in increase in our overall market share.

Our IT department has also played a key role in ensuring a robust and seamless working environment for our trading and settlement desks and consistently working diligently to upgrade our back-office software solutions. The Sales team and Retail/Online teams have also performed exceptionally well in keeping the momentum of new accounts. We are very proud to open the highest number of RDA accounts for non-resident Pakistanis and keeping them engaged with capital market opportunities. The research team is quite instrumental in providing value added services to our clients such as our comprehensive fundamental

research notes on listed corporates and the economy. We will also like to give credit to our compliance team who are diligently working on KYC/AML amid increasing number of account openings. We also acknowledge the untiring efforts of our settlement department for their swift handling of settlements without delays.

Our money market desk delivered a remarkable performance by recording brokerage revenues of Rs. 116 million (+23% YoY), which is also the highest ever revenue performance for the department since its inception in 2013. We have added more traders in our money market and FX departments which has led to substantial market share gains.

By the grace of Almighty, AHL was once again won numerous accolades from the most prestigious Global and local institutions. Some of the major awards won by AHL in FY23 included the 'Best Equity Brokerage House' award by CFA Society, 'Best Securities House' by Asiamoney, 'Best Broker in Pakistan' by FinanceAsia, 'Best Brokerage House' by International Finance, 'Best Equity House' by Global Finance, 'Most Innovative Financial Market Brokerage 2022' and 'Most Trusted Forex Broker: 2022' by The European.

### Investment Banking Operations

Our investment banking operations posted a total revenue of Rs. 343.4 million, which is a decline of 16% against FY22. The primary reason for the decline is the dry IPO activity at the main board with one IPO of Globe Residency REIT which was executed by your firm. Investment banking revenues in FY23 included advisory on privately placed TFCs and Sukuks as well as Mergers & Acquisitions, advisory and underwriting of equity raising through Right shares. We are pleased to share with you that your company has remained the market leader in a challenging environment. We foresee scores of new listings at the bourse and are confident that AHL will maintain its market leadership position and bring more IPOs, buy back transactions and M&A deals to the market.

Our consistent performance in the area of investment banking division was recognized by International Institutions such as Euromoney, Finance Asia and The Asset. AHL was awarded "Best Investment Bank 2023" by Euromoney, Best Investment Bank 2022 award by "Asiamoney". Further, AHL has received Best Investment Bank – Domestic 2022 award by "FinanceAsia" Country Awards 2022. Your company has also created history by winning "Best Corporate Finance House (Equities)" for the 9th consecutive year (2014-2022) from CFA Society Pakistan.

The management foresees increased activity on account of new equity/debt listings and in the areas of Mergers and Acquisitions and private equity investments. We are also confident on further expanding our market share by providing excellent services to our valued clients.

## Awards and Recognition

We take immense pride in announcing that the company's performance has been recognized by internationally renowned organizations such as Euromoney, Asiamoney, FinanceAsia and The Asset and very respected locally renowned organization CFA Society Pakistan in FY23. This year AHL won following awards:

1. Pakistan's Best Investment Bank for 2023 - [Euromoney](#)
2. Best Securities House in Pakistan for 2022- [Asiamoney](#)
3. Best Investment Bank 2022 - [Asiamoney](#)
4. Best Investment Bank – Domestic 2022 - [FinanceAsia Country Awards](#)
5. Best Brokerage House – 2022 – [International Finance](#)
6. Best Equity House – Pakistan – 2022 – [Global Business Outlook](#)
7. Most Innovative Financial Market Brokerage: 2022 – [The European](#)
8. Most Trusted Forex Broker: 2022 – [The European](#)
9. Best Forex Mobile App – AHL Tick App: 2022 – [The European](#)
10. Best Corporate Finance House of the Year 2022 - [CFA Society Pakistan](#)
11. Best Equity Brokerage House of the Year 2022 - [CFA Society Pakistan](#)
12. Best Economic Research House of the Year 2022 - [CFA Society Pakistan](#)
13. Best Equity Analyst of the Year 2022 – [CFA Society Pakistan](#)

## Credit Rating

The Company has been re-assigned entity ratings of 'AA-/A-1' (Double A Minus/A-One) by JCR-VIS Credit Rating Company Ltd. (JCR-VIS). The outlook on the assigned ratings is 'continuous growth and is expected to provide further confidence to the company's clientele with regards to the credibility and stability of the brand "Arif Habib"'.

## Management Rating

The Company has been assigned a management rating of BMR1 by the Pakistan Credit Rating Agency Limited (PACRA). The outlook on the assigned ratings is 'Stable'. This certification has endorsed the Company's capability in upholding strong control and governance framework, continuing update of client servicing tools, and careful monitoring of risks mainly liquidity and conflict of interest emanating from investment activities

## Risk Management

Risks are unavoidable in our business and include liquidity, market, credit, operational, legal, regulatory, and reputational risks. AHL's risk management governance starts with our Board, which plays an integral role in reviewing and approving risk management policies and practices.

Our risk management framework and systems are longstanding, standardized, and very robust. We believe that effective risk management is of primary importance to the success of the Company. Accordingly, we have initiated comprehensive risk management processes through which we monitor, evaluate and manage the risks we assume in conducting our activities. A rigorous framework of limits is applied to control risk across multiple transactions, products, businesses, and markets in which we deal. This includes setting credit and market risk limits at a variety of levels and monitoring these limits regularly.



## Materiality Approach Adopted

The Board of Directors closely monitor 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

Your Company continued its contribution to society and the business community as a socially responsible organization through numerous philanthropic activities. AHL is committed to the fulfilment of its Corporate Social Responsibility and continues its involvement in projects focusing on healthcare, education, environment, and community welfare. We aim to continue our involvement and contribution to such noble causes in the future as well.

The details of the contribution made by the Company are presented on Page No. 17.

## Code of Corporate Governance

The Board and Management of the Company are committed to ensuring that requirements of the Code of Corporate Governance are fully met. The Company has adopted strong Corporate Governance practices with an aim to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

The Directors are pleased to report that:

- a. The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- b. Proper books of account of the Company have been maintained;
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements;
- e. The system of internal control is sound in design and has been effectively implemented and monitored;
- f. There are no significant doubts upon the Company's ability to continue as a going concern;
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- h. The Company has on account of statutory payment of taxes, duties, levies and charges has no outstanding liability as at the balance sheet date;
- i. There are no transactions entered into by the broker during the year which are fraudulent, illegal or in violation of any securities market laws;
- j. The Company has paid amount of Rs. 10,658,679 in the Provident Fund of the employees of the Company and the Company has no outstanding liability as at the year-end as the Provident Fund is managed by a separate trust.

## Changes in Board

During the year under review, there was no change in structure of the Board.

## Directors Remuneration Policy

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

## Board and Audit Committee Meeting & Attendance

During the year under review, four meetings of the Board of Directors and four meetings of the Audit Committee were held from July 01, 2022 to June 30, 2023. The attendance of the Board and Audit Committee members was as follows:

Name of Director	Board Meeting	Audit Committee Meeting
Mr. Zafar Alam	4	N/A
Ms. Sharmin Shahid	4	N/A
Ms. Nida Ahsan	4	N/A
Mr. Muhammad Haroon	4	4
Mr. Mohsin Madni	4	4
Mr. Muhammad Shahid Ali	4	N/A
Mr. Muhammad Sohail Salat	4	4

Leave of absence was granted to members who did not attend the Board and Committee meetings

## Trading in Shares of the Company by Directors and Executives

During the year following trades in the shares of the Company were carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children:

Name of Director	Designation	Shares Bought	Shares Sold	Remarks
Mr. Zafar Alam	Chairman	-	110	-
Mr. Muhammad Sohail Salat	Director	-	-	-
Ms. Sharmin Shahid	Director	-	-	-
Mr. Mohsin Madni	Director	-	-	-
Mr. Muhammad Haroon	Director	-	-	-
Ms. Nida Ahsan	Director	-	-	-
Mr. Muhammad Shahid Ali	Chief Executive Officer	-	-	-
Mr. Muhammad Taha Siddiqui	Chief Financial Officer & Company Secretary	-	-	-
Spouses	-	-	-	-
Minor Children	-	-	-	-

## Audit Committee

The Audit Committee of the Board continued to perform its duties and responsibilities in an effective manner as per its terms of reference duly approved by the Board. The committee composition has also been attached with this report.

## Corporate and Secretarial Compliance

The Company Secretary has furnished a Secretarial Compliance Certificate as part of the annual return filed with the registrar of Companies to certify that the secretarial and corporate requirements of the Companies Act, 2017, Memorandum and Articles of Association of the Company, the listing regulations and Listed Companies (Code of Corporate Governance) Regulations, 2019 have been duly complied with.

## Ethics and Business Practices

As per the Corporate Governance guidelines, the Company has circulated a “Code of Ethics” for compliance. It has been signed by all directors and employees of the Company acknowledging their understanding and acceptance of the Code.

## Pattern of Shareholding

The detailed pattern of the shareholding and categories of shareholders of the Company as at June 30, 2023, as required under the listing regulations, have been appended to this Annual Report.

## Information to Stakeholders

Key operating and financial data of previous years has been summarized and is presented on page No. 44.

## Post Balance Sheet Date Event / Dividend

The Board of Directors has proposed a final cash dividend of Rs. 2.5/- per share amounting to Rs. 163.35 million at its meeting held on September 26, 2023 for the approval of the members at the annual general meeting to be held on October 28, 2023. These unconsolidated financial statements do not reflect the said appropriation.

## Related party transaction

In order to comply with the requirements of listing regulations, the Company has 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 in their respective meetings. The details of all related party transactions have been provided in note 34 & 35 of the annexed audited financial statements.

## Auditors

The retiring auditors M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, have offered themselves for reappointment. The Board recommends their reappointment and a resolution proposing the appointment of M/s. Rehman Sarfaraz Rahim Iqbal Rafiq as auditors of the Company for the financial year 2023-24 will be submitted at the forthcoming Annual General Meeting for approval.



## Future Prospects

The Future prospects of your Company are promising on account of the Management's efforts towards expanding the Company's market share and through wider participation in all its business segments particularly the online and retail division through digital onboarding. Our new App and web based trading system will likely help in growing our client base and improve our clients' trading experience. The Company is striving to yield better volumes from its existing clientele as well as prospective domestic and foreign clients, by growing relationships with them through the Company's premium suite of services. This includes offering novel products and services through augmenting the Company's high-quality Research.

The Management also foresees increased activity on account of new equity and debt listings, Mergers & Acquisitions, Privately Placed TFCs and Sukuks as well as advisory & underwriting of equity raising through Right shares for which the Investment Banking Division is well equipped. Our Startup advisory division is also actively engaged with clients and prospects and hope to see increased capital raising and advisory transactions going forward.

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 AHL. In its meeting on Friday, 28th April 2023 at Karachi the Board of Directors has authorized the Management to evaluate and propose the terms for a corporate restructuring / reorganization of the businesses being carried out by AHL, including potentially involving its holding company i.e. Arif Habib Corporation Limited, with the objective to assess various workable options to achieve synergy in business operations. 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.

The Management is confident that the Company's equity and property investment portfolio will likely demonstrate good results, as the economy and the market continue to offer rewarding investment opportunities.

## Acknowledgement

We are grateful to the Company's shareholders for their continuing confidence and patronage. We record our sincere appreciation to all Stakeholders, our Parent Company, the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan and the Management of Pakistan Stock Exchange Limited for their unwavering support and guidance.

We acknowledge and appreciate the hard work put in by all the team members of the Company during the period. We also acknowledge the valuable contribution and active role of the members of the Board Committees in supporting and guiding the management on matters of great importance.

For and on behalf of the Board of Directors,



**Muhammad Shahid Ali**  
Chief Executive Officer and Executive Director



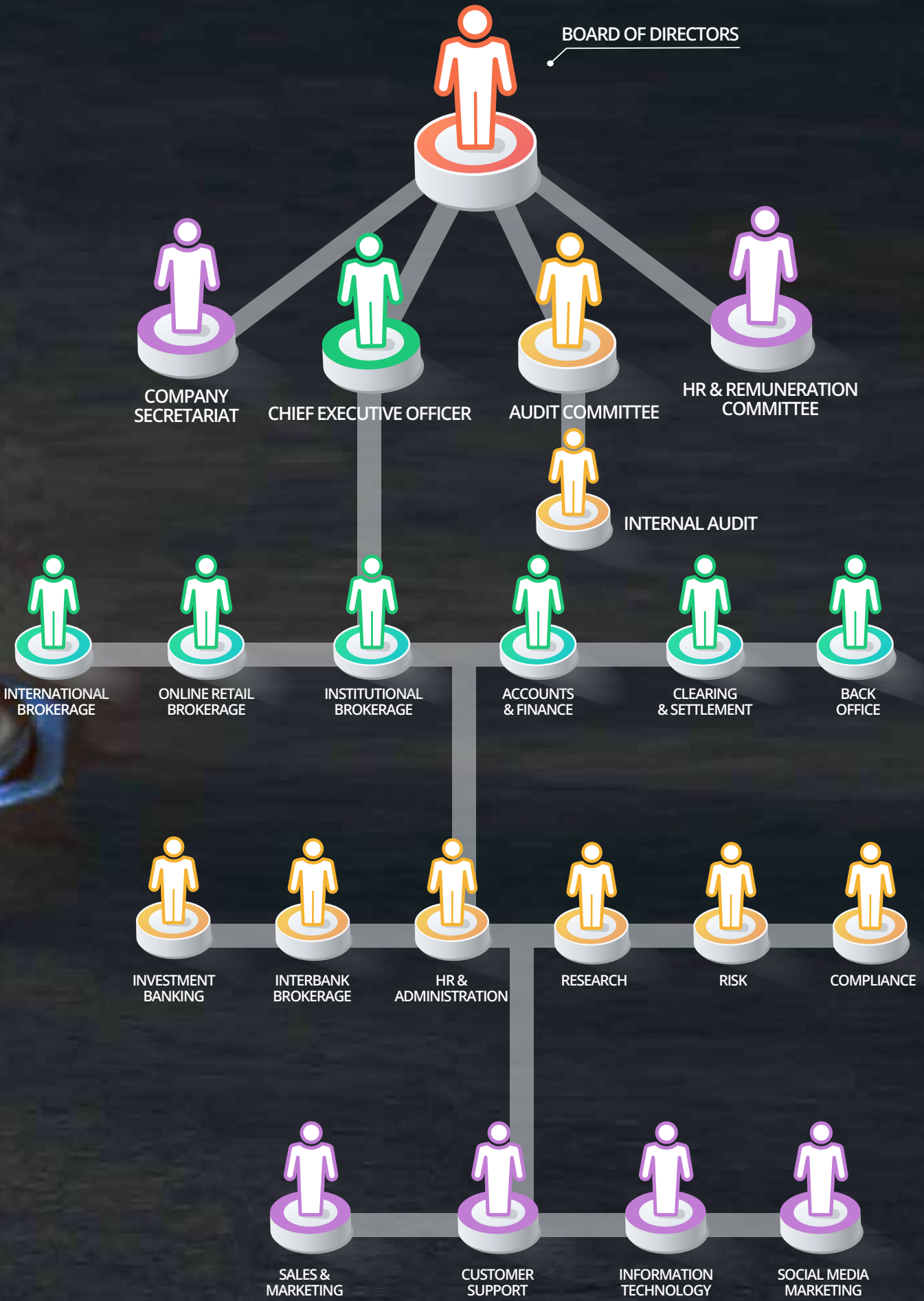
**Zafar Alam**  
Chairman

Karachi.

Dated: September 26, 2023



# ORGANIZATIONAL **STRUCTURE**





# MANAGEMENT TEAM

**Mr. Usman Akram**  
Head of Information Technology

**Mr. Faizan Hanif**  
Head of Compliance

**Mr. Akbar Suleman**  
Head of Settlement

**Mr. Taha Siddiqui**  
Chief Finance Officer  
& Company Secretary

**Mr. Tahir Abbas**  
Head of Research

**Ms. Mahreen Ali**  
Manager Human Resource

**Mr. Zilley Askari**  
Head of Interbank Brokerage







**Mr. Shahid Ali Habib**  
Chief Executive Officer

**Ms. Munazza Idrees**  
Head of Marketing

**Mr. Ammad Tahir**  
Head of Investment Banking

**Mr. Faheem Ullah**  
Head of Back Office

**Mr. Usman Taufiq**  
Head of HNWI / Corporates  
Capital Market

**Mr. Anus Wadood**  
Head of Client Onboarding

**Mr. Bilal Khan**  
Head of International Sales

**Mr. Furqan Aslam**  
Deputy Head Capital Market

# FINANCIAL & BUSINESS HIGHLIGHTS

Year ended 30 June

Rupees in million

	2023	2022	2021	2020	2019
<b>PROFIT AND LOSS ACCOUNT</b>					
Operating revenue	1,495	1,132	1,544	645	767
Investments Gains	(237)	(473)	1,276	(70)	(657)
Other Income	120	88	71	140	154
Net turnover	1,622	1,758	3,181	847	634
Operating expenses	(632)	(591)	(656)	(344)	(396)
Impairment loss	-	-	-	-	-
Finance cost	(638)	(197)	(132)	(362)	(218)
Operating profit / (loss)	352	970	2,393	129	12
Profit after tax	185	827	2,084	60	(62)
EBITDA	1,037	1,209	2,560	519	239
<b>BALANCE SHEET</b>					
Share capital	653	653	594	594	660
Reserves	4,333	4,533	4,386	2,662	2,242
Total Equity	4,994	5,202	4,995	3,271	2,917
Long term investments	1,123	81	136	127	154
Net current assets	5,636	7,120	6,250	4,944	3,711
Trade and other payables	996	1,121	1,805	809	652
Net current liabilities	2,721	3,755	3,473	3,239	2,725
Total assets	7,785	8,987	8,472	6,869	5,642
Total liabilities	2,791	3,785	3,477	3,598	2,725

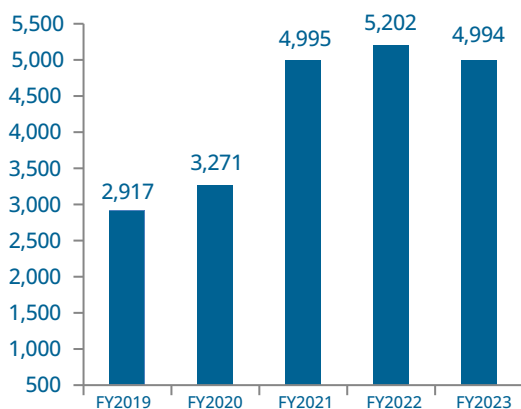


	2023	2022	2021	2020	2019
<b>RATIOS</b>					
<b>Performance</b>					
Profit before tax (%)	21.70	55.19	75.23	15.23	1.97
Expense / income (%)	38.96	33.60	20.63	40.61	62.55
Return on Equity (%)	3.63	16.21	50.42	1.94	(2.04)
Return on Capital Employed (%)	6.84	18.96	55.47	3.94	0.41
<b>Leverage</b>					
Debt to Asset (%)	20.78	27.06	16.16	26.73	33.84
Debt to Equity (%)	32.39	46.75	27.42	56.13	65.44
Interest Cover (x)	0.55	4.92	18.17	0.36	0.06
<b>Liquidity</b>					
Current Ratio (x)	2.07	1.90	1.80	1.53	1.36
Quick /Acid Test (x)	1.51	1.73	1.63	1.45	1.13
<b>Valuation</b>					
Earnings per Share (PKR)	2.83	12.65	31.89	1.00	(0.94)
Price to Earnings Ratio (x)	9.42	3.51	2.54	32.60	(33.51)
Price to Book Ratio (x)	0.35	0.56	0.96	0.59	0.72
Dividend Yield Ratio (%)	9.37	13.52	12.33	7.69	-
Dividend Payout Ratio (%)	88.30	47.43	31.35	250.51	-
Cash Dividend per Share (PKR)	2.50	6.00	10.00	2.50	-
Stock Dividend per Share (%)	-	-	10.00	-	-
Market Value at end of each year (PKR)	26.68	44.39	81.12	32.53	31.63
High Price (during the year) (PKR)	48.24	88.99	85.53	64.12	70.13
Low Price (during the year) (PKR)	23.52	38.48	32.60	23.05	26.40

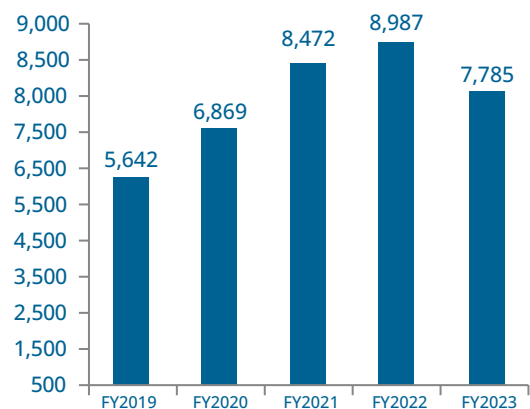


# GRAPHICAL REPRESENTATION

**SHARE HOLDER EQUITY**  
RUPEES IN MILLION

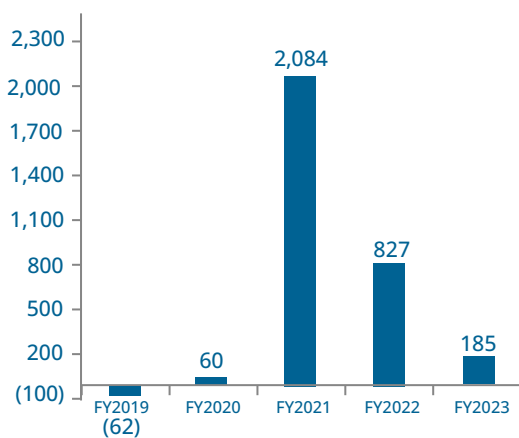


**TOTAL ASSETS**  
RUPEES IN MILLION

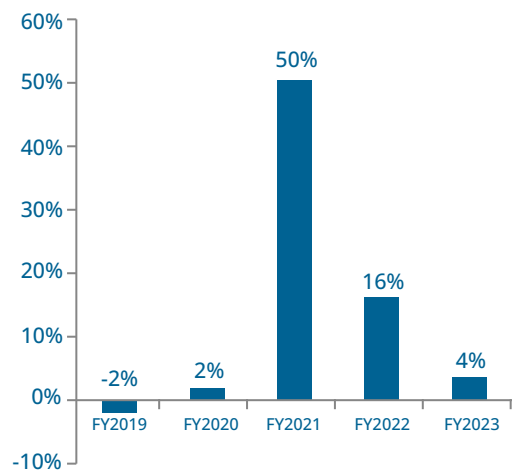




**PROFIT AFTER TAX  
RUPEES IN MILLION**

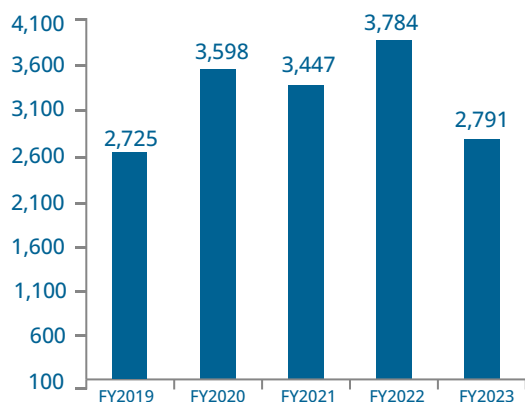


**RETURN ON EQUITY  
IN PERCENT**

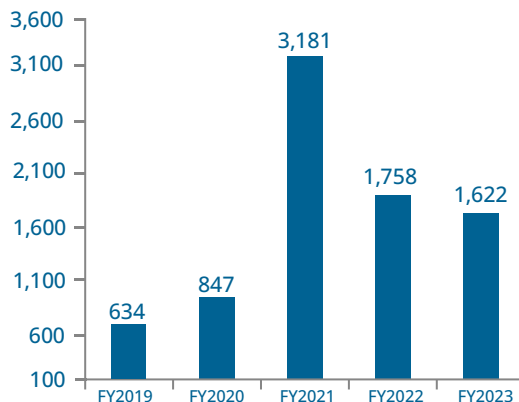




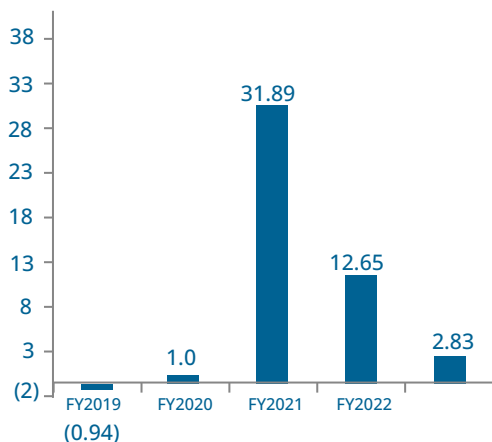
### TOTAL LIABILITIES RUPEES IN MILLION



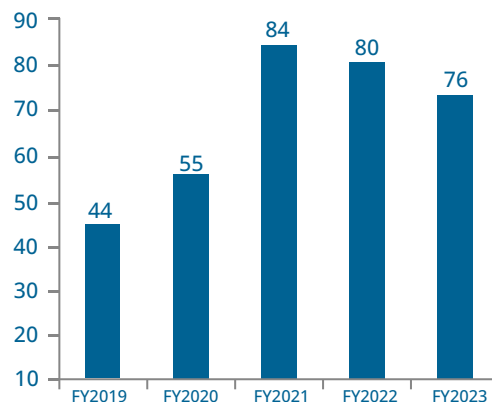
### TOTAL REVENUE RUPEES IN MILLION



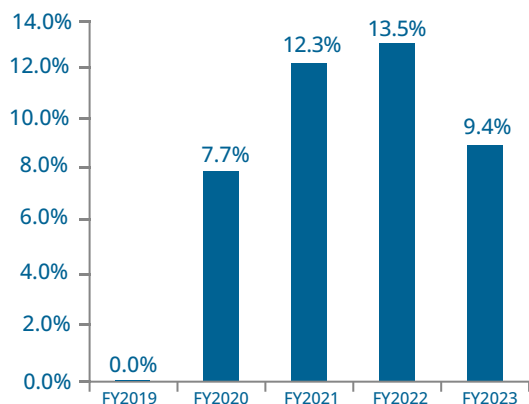
### EARNING PER SHARE IN RUPEES



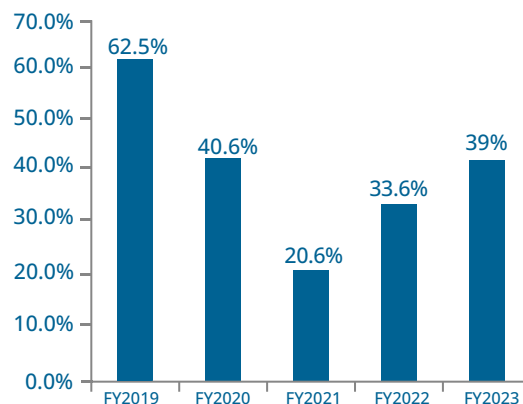
### BREAK-UP VALUE PER SHARE IN RUPEES



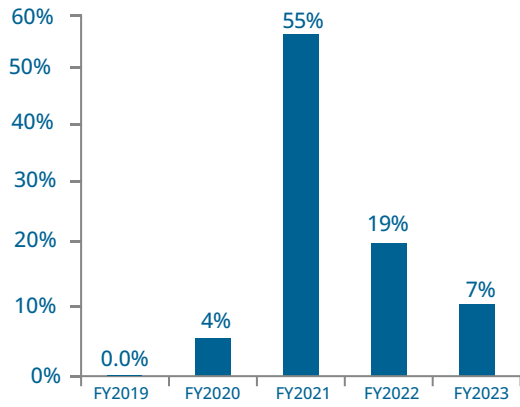
### DIVIDEND YIELD IN PERCENT



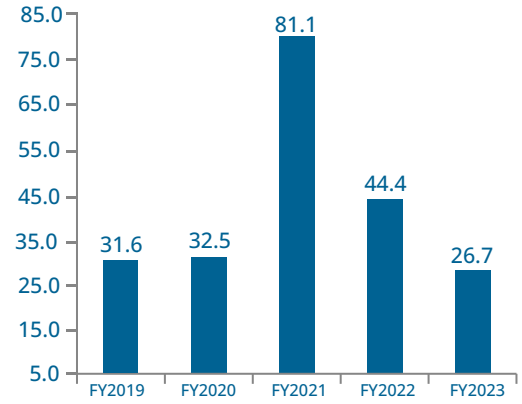
### COST TO INCOME RATIO IN PERCENT



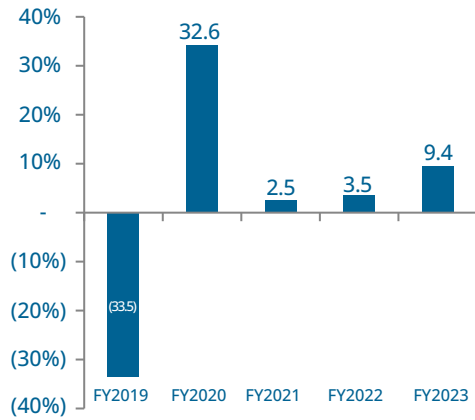
### RETURN ON CAPITAL EMPLOYED IN PERCENT



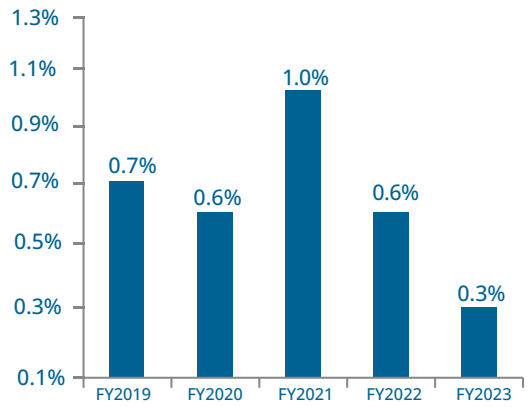
### MARKET VALUE IN RUPEES



### PRICE TO EARNING IN TIMES



### PRICE TO BOOK IN PERCENT



# VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

Year ended 30 June

	2023		2022		2021	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
<b>Balance Sheet</b>						
Total equity and minority interest	4,994	64	5,202	58	4,995	59
Total non-current liabilities	70	1	30	0	5	0
Total current liabilities	2,721	35	3,755	42	3,473	41
Total equity and liabilities	<u>7,785</u>	<u>100</u>	<u>8,987</u>	<u>100</u>	<u>8,473</u>	<u>100</u>
Total non-current assets	2,149	28	1,866	21	2,222	26
Total current assets	5,636	72	7,120	79	6,250	74
Total assets	<u>7,785</u>	<u>100</u>	<u>8,987</u>	<u>100</u>	<u>8,472</u>	<u>100</u>
<b>Profit and Loss Accounts</b>						
Net operating revenue	1,622	100	1,758	100	3,181	100
Operating and administrative expenses	(605)	(37)	(579)	(33)	(637)	(20)
Operating profit / (loss)	<u>1,017</u>	<u>63</u>	<u>1,179</u>	<u>67</u>	<u>2,544</u>	<u>80</u>
Other charges	(27)	(2)	(12)	(1)	(19)	(1)
	<u>990</u>	<u>61</u>	<u>1,167</u>	<u>66</u>	<u>2,525</u>	<u>79</u>
Finance cost	(638)	(39)	(197)	(11)	(132)	(4)
Profit / (loss) before tax	<u>352</u>	<u>22</u>	<u>970</u>	<u>55</u>	<u>2,393</u>	<u>75</u>
Taxation	(167)	(10)	(144)	(8)	(309)	(10)
(Loss) / profit after tax	<u>185</u>	<u>11</u>	<u>826</u>	<u>47</u>	<u>2,084</u>	<u>66</u>



	2020		2019	
	Rupees in million	%	Rupees in million	%
<b>Balance Sheet</b>				
Total equity and minority interest	3,271	48	2,917	52
Total non-current liabilities	358	5	-	-
Total current liabilities	3,239	47	2,725	48
Total equity and liabilities	<u>6,869</u>	<u>100</u>	<u>5,642</u>	<u>100</u>
Total non-current assets	1,901	28	1,891	34
Total current assets	4,968	72	3,751	66
Total assets	<u>6,869</u>	<u>100</u>	<u>5,642</u>	<u>100</u>
<b>Profit and Loss Accounts</b>				
Net operating revenue	847	100	634	100
Operating and administrative expenses	(344)	(41)	(396)	(62)
Operating profit / (loss)	<u>503</u>	<u>59</u>	<u>238</u>	<u>38</u>
Other charges	(12)	(1)	(7)	(1)
	<u>491</u>	<u>58</u>	<u>231</u>	<u>36</u>
Finance cost	(362)	(43)	(218)	(34)
Profit / (loss) before tax	<u>129</u>	<u>15</u>	<u>13</u>	<u>2</u>
Taxation	(69)	(8)	(75)	(12)
(Loss) / profit after tax	<u>60</u>	<u>7</u>	<u>(61)</u>	<u>(10)</u>

# HORIZONTAL ANALYSIS OF FINANCIAL STATEMENTS

Year ended 30 June

	2023		2022		2021	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
<b>Balance Sheet</b>						
Total equity and minority interest	4,994	(4)	5,202	4	4,995	53
Total non-current liabilities	70	131	30	571	5	(99)
Total current liabilities	2,721	(28)	3,755	8	3,473	7
Total equity and liabilities	<u>7,785</u>	<u>(13)</u>	<u>8,987</u>	<u>6</u>	<u>8,473</u>	<u>23</u>
Total non-current assets	2,149	15	1,866	(16)	2,222	17
Total current assets	5,636	(21)	7,120	14	6,250	26
Total assets	<u>7,785</u>	<u>(13)</u>	<u>8,987</u>	<u>6</u>	<u>8,472</u>	<u>23</u>
<b>Profit and Loss Accounts</b>						
Net operating revenue	1,622	(8)	1,758	(45)	3,181	276
Operating and administrative expenses	(605)	5	(579)	(9)	(637)	85
Operating profit / (loss)	<u>1,017</u>	<u>(14)</u>	<u>1,179</u>	<u>(54)</u>	<u>2,544</u>	<u>406</u>
Other income / (charges) - net	(27)	119	(12)	(34)	(19)	55
	990	(15)	1,167	(54)	2,525	414
Finance cost	(638)	224	(197)	49	(132)	(64)
Profit / (loss) before tax	<u>352</u>	<u>(64)</u>	<u>970</u>	<u>(59)</u>	<u>2,393</u>	<u>1,755</u>
Taxation	(167)	16	(144)	(54)	(309)	348
Profit / (loss) after tax	<u>185</u>	<u>(78)</u>	<u>826</u>	<u>(60)</u>	<u>2,084</u>	<u>3,373</u>

	2020		2019	
	Rupees in million	%	Rupees in million	%
<b>Balance Sheet</b>				
Total equity and minority interest	3,271	12	2,917	(8)
Total non-current liabilities	358	100	-	-
Total current liabilities	3,239	19	2,725	19
Total equity and liabilities	<u>6,869</u>	<u>22</u>	<u>5,642</u>	<u>3</u>
Total non-current assets	1,901	1	1,891	19
Total current assets	4,968	32	3,751	(3)
Total assets	<u>6,869</u>	<u>22</u>	<u>5,642</u>	<u>3</u>
<b>Profit and Loss Accounts</b>				
Net operating revenue	847	34	634	(48)
Operating and administrative expenses	(344)	(13)	(396)	22
Operating profit / (loss)	<u>503</u>	<u>111</u>	<u>238</u>	<u>(73)</u>
Other income / (charges) - net	(12)	82	(7)	(88)
	<u>491</u>	<u>112</u>	<u>231</u>	<u>(72)</u>
Finance cost	(362)	66	(218)	18
Profit / (loss) before tax	<u>129</u>	<u>863</u>	<u>13</u>	<u>(55)</u>
Taxation	(69)	(8)	(75)	(36)
Profit / (loss) after tax	<u>60</u>	<u>(198)</u>	<u>(61)</u>	<u>(111)</u>



# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

M/s. Arif Habib Limited ('the company') has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') in the following manner:

1. The total number of directors are 7 as per the following:
  - a. Male: 5 members
  - b. Female: 2 members
2. The composition of board is as follows:

Category	Names
a) Independent Directors:	Mr. Zafar Alam Dr. Muhammad Sohail Salat
b) Non-Executive Directors:	Mr. Muhammad Haroon Mr. Mohsin Madni Ms. Sharmin Shahid Ms. Nida Ahsan
c) Executive Director:	Mr. Muhammad Shahid Ali Habib
d) Female Directors:	Ms. Sharmin Shahid Ms. Nida Ahsan
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. A complete record of particulars of significant policies along with the dates on which they were approved or updated / amended has been maintained by the company.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 ('the Act') and the Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Company stands complied with the requirement of having all the directors of the board Director's Training Program (DTP) certified as prescribed under the sub clause 1(i) of regulation no. 19 of the Regulations as out of total seven (7) directors, the total number of certified directors of the Company stands six (6) and one (1) of the director meets the exemption requirement of the DTP.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

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

a) **Audit Committee**

Dr. Muhammad Sohail Salat	Chairman
Mr. Muhammad Haroon	Member
Mr. Mohsin Madni	Member

b) **HR and Remuneration Committee**

Dr. Muhammad Sohail Salat	Chairman
Mr. Muhammad Shahid Ali Habib	Member
Mr. Muhammad Haroon	Member
Ms. Nida Ahsan	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 committee were as per following:

a) Audit Committee Four quarterly meetings were held during the financial year ended June 30, 2023.

b) HR and Remuneration Committee Three meetings were held during the financial year ended June 30, 2023.

15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are 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 ICAP 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 ICAP 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 the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; Explanation as required under the regulations is mentioned below;

Company, currently has two elected independent directors out of total seven directors on the Board. Both the independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently as per laws and regulations under which hereby fulfill the necessary requirements; however, the Company intends to elect another independent director in the next election of directors.

19. We confirm that all other requirements of the Regulations have been complied with except for the requirement that the position of Chief financial officer and Company secretary has been held by the same person, as the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('Regulations') allowed the Companies to either comply or explain the reason otherwise. Therefore, the Company has adopted explanation approach as the management is of the view, that the current CFO & Company Secretary is suitably qualified and professionally capable to act and fulfill the duties and responsibilities of both the roles. In addition, it is also a cost effective measure that is in the better interest of the shareholders of the Company, therefore hiring a separate person for both position is not feasible. However, the Company shall create a separate position of a Secretary as soon as such a demand appears in our operations.

On behalf of the Board of Directors



Zafar Alam  
Chairman

September 26, 2023  
Karachi

# REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES

(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

To the members of M/s. Arif Habib Limited

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 Limited (the Company) 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.

Karachi.  
Date: September 26, 2023  
UDIN: CR202310213RYnAysGv0

  
Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARIF HABIB LIMITED

## REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

### Opinion

We have audited the annexed unconsolidated financial statements of Arif Habib Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2023, 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 profit, total 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 Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. However, we have determined that there are no key audit matters to communicate in our report.

### Information Other than the Unconsolidated 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- (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;
- (e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which the unconsolidated financial statements were prepared; and
- (f) the Company was in compliance with the requirement of section 31(5) of the Futures Brokers (Licensing and Operation) Regulation, 2018

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Muhammad Waseem**.



**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
Chartered Accountants

Karachi  
Date: September 26, 2023  
UDIN: AR2023102131A8ifjXqc





# UNCONSOLIDATED **FINANCIAL STATEMENTS**

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

## ASSETS

### Non-current assets

Property and equipment  
Right-of-use assets  
Intangible assets  
Long term investment  
Investment property  
Long-term advances and deposits  
Deferred tax - net

### Current assets

Short term investments  
Trade debts  
Receivable against margin financing  
Advances, deposits and prepayments  
Accrued markup on margin financing  
Receivable against trading of securities - net  
Other receivables  
Investment in subsidiary held for sale  
Income tax refundable  
Cash and bank balances

### Total assets

## EQUITY AND LIABILITIES

### Share capital and reserves

Authorized capital

Issued, subscribed and paid-up capital

Capital reserves

Surplus on revaluation of property  
Surplus on re-measurement of investments

Revenue reserves

Unappropriated profits

### Total equity

### Non-current liabilities

Lease liability  
Deferred tax - net

### Current liabilities

Short term borrowings - secured  
Current portion of lease liability  
Trade and other payables  
Unclaimed dividend  
Payable against trading of securities - net  
Accrued markup on short term borrowings  
Taxation - net

### Contingencies and commitments

### Total equity and liabilities

Note	2023 ----- Rupees -----	2022 ----- Rupees -----
4	67,118,424	83,978,889
5	2,279,667	32,555,873
6	5,715,626	6,087,502
7	1,123,254,068	80,745,423
8	450,749,014	1,641,779,213
9	500,184,567	21,456,535
	-	-
	<u>2,149,301,366</u>	<u>1,866,603,435</u>
10	2,849,795,546	5,272,505,403
11	259,690,968	166,138,218
12	113,367,759	395,380,659
13	38,549,929	19,608,452
	21,527,045	21,480,959
	77,192,508	-
14	1,273,270,139	133,494,275
15	-	43,558,105
22	15,457,413	-
16	987,078,274	1,068,332,992
	<u>5,635,929,581</u>	<u>7,120,499,063</u>
	<u>7,785,230,947</u>	<u>8,987,102,498</u>
17	<u>750,000,000</u>	<u>750,000,000</u>
17	653,400,000	653,400,000
18	7,835,000	15,432,500
	-	-
	<u>7,835,000</u>	<u>15,432,500</u>
	<u>4,333,017,286</u>	<u>4,532,787,684</u>
	<u>4,994,252,286</u>	<u>5,201,620,184</u>
19	918,356	3,683,359
	69,149,530	26,704,649
	<u>70,067,886</u>	<u>30,388,008</u>
20	1,617,785,680	2,431,969,617
	2,108,980	15,894,070
21	995,737,794	1,121,620,426
	21,425,487	19,164,706
	-	21,078,278
	83,852,834	75,064,344
22	-	70,302,865
	<u>2,720,910,775</u>	<u>3,755,094,306</u>
23	-	-
	<u>7,785,230,947</u>	<u>8,987,102,498</u>

The annexed notes from 1 to 39 form an integral part of these unconsolidated financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2023

	Note	2023 ----- Rupees -----	2022 -----
Operating revenue	24	1,494,524,342	1,131,838,475
Realized (loss) / gain on disposal of investments		(497,892,822)	(9,647,857)
Realized gain on sale of investment property		1,261,550,827	940,000,000
		<u>2,258,182,347</u>	<u>2,062,190,618</u>
Net change in unrealized gain / (loss) on investments	25	261,129,204	(463,627,979)
Net change in unrealized (loss) / gain on investment property	26	(1,016,769,380)	71,212,860
		<u>1,502,542,171</u>	<u>1,669,775,499</u>
Administrative and operating expenses	27	(605,278,782)	(578,338,530)
Other charges	28	(26,859,893)	(12,280,081)
Other operating income	29	119,567,789	88,131,490
		<u>989,971,285</u>	<u>1,167,288,378</u>
Finance costs	30	(637,869,174)	(197,155,504)
Profit before taxation		<u>352,102,111</u>	<u>970,132,874</u>
Taxation	31	(167,430,009)	(143,581,080)
Profit after taxation		<u>184,672,102</u>	<u>826,551,794</u>
Earnings per share - basic and diluted	32	<u>2.83</u>	<u>12.65</u>

The annexed notes from 1 to 39 form an integral part of these unconsolidated financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2023

	2023 ----- Rupees -----	2022 ----- Rupees -----
Profit after taxation	184,672,102	826,551,794
Other comprehensive loss		
Items that will not be reclassified subsequently to profit or loss		
Net change in fair value of the investment in equity securities -	-	(26,314,980)
<b>Total comprehensive income for the year</b>	<u>184,672,102</u>	<u>800,236,814</u>

The annexed notes from 1 to 39 form an integral part of these unconsolidated financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2023

	Issued, subscribed and paid up capital	Revenue reserve	Capital reserves		Total
		Unappropriated profits	Surplus on revaluation of property	Surplus on re-measurement of investments	
Rupees					
Balance as at June 30, 2021	594,000,000	4,358,006,085	15,432,500	27,944,785	4,995,383,370
<b>Total comprehensive income for the year ended June 30, 2022</b>					
- Profit for the year	-	826,551,794	-	-	826,551,794
- Other comprehensive loss for the year	-	-	-	(26,314,980)	(26,314,980)
	-	826,551,794	-	(26,314,980)	800,236,814
Gain realized on disposal of investment in equity instruments at FVOCI	-	1,629,805	-	(1,629,805)	-
<b>Transactions with owners</b>					
Cash dividend paid @ 100% for the year ended June 30, 2021	-	(594,000,000)	-	-	(594,000,000)
Bonus shares @ 10% for the year ended June 30, 2021	59,400,000	(59,400,000)	-	-	-
	59,400,000	(653,400,000)	-	-	(594,000,000)
<b>Balance as at June 30, 2022</b>	<b>653,400,000</b>	<b>4,532,787,684</b>	<b>15,432,500</b>	<b>-</b>	<b>5,201,620,184</b>
<b>Total comprehensive income for the year ended June 30, 2023</b>					
- Loss for the year	-	184,672,102	-	-	184,672,102
- Other comprehensive loss for the year	-	-	-	-	-
	-	184,672,102	-	-	184,672,102
Surplus on revaluation transferred to retained earning (Refer note no. 18)		7,597,500	(7,597,500)		
<b>Transactions with owners</b>					
Cash dividend paid @ 60% for the year ended June 30, 2022	-	(392,040,000)	-	-	(392,040,000)
<b>Balance as at June 30, 2023</b>	<b>653,400,000</b>	<b>4,333,017,286</b>	<b>7,835,000</b>	<b>-</b>	<b>4,994,252,286</b>

The annexed notes from 1 to 39 form an integral part of these unconsolidated financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2023

	2023	2022
Note	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	352,102,111	970,132,874
Adjustments for:		
- Depreciation on property and equipment	4 17,341,489	18,997,073
- Depreciation on right-of-use-assets	5 29,134,843	21,886,804
- Amortization of intangible assets	6.1 371,876	495,834
- Provision for expected credit losses on trade debts	11.2 24,688,276	10,302,199
- Net change in unrealized loss on investments	25 (261,129,204)	463,627,979
- Irrecoverable trade debt written off	28 271,544	1,977,882
- Other receivable written off	28 1,900,073	-
- Realized gain on sale of investment property	(1,261,550,827)	(940,000,000)
- Net change in unrealized gain on investment property	26 1,016,769,380	(71,212,860)
- Markup on reverse repo transactions	29 (13,524,000)	(28,364,241)
- Markup on loan to related party	29 (2,071,785)	(10,192,861)
- Profit on savings accounts	29 (82,995,188)	(46,332,934)
- Profit on exposure deposit	29 (4,842,542)	(3,241,454)
- Gain on disposal of subsidiary	29 (6,441,895)	-
- Reversal of provision of margin financing	29 (1,917,749)	-
- Reversal of provision of bad debt	29 (7,630,328)	-
- Gain on termination of lease	29 (144,302)	-
- Finance costs	30 637,869,174	197,155,504
	86,098,835	(384,901,075)
<b>Cash generated from operating activities before working capital changes</b>	438,200,946	585,231,799
<b>Effect on cash flow due to working capital changes</b>		
(Increase)/decrease in current assets		
- Short-term investments	2,419,330,417	(3,003,728,519)
- Trade debts	(110,882,242)	56,773,851
- Receivable / payable against sale / purchase of securities - net	(98,270,786)	(32,680,345)
- Receivable against margin financing	283,930,649	(149,724,913)
- Advances, deposits and prepayments	(18,941,477)	42,523,755
- Accrued markup on margin financing	(46,086)	(13,830,233)
- Other receivables	(15,002)	2,997,367
Increase/(decrease) in current liabilities	(146,149,462)	(707,148,761)
- Trade and other payables	2,328,956,011	(3,804,817,798)
<b>Cash generated from / (used in) operations</b>	2,767,156,957	(3,219,585,999)
Taxes paid	22.1 (210,745,406)	(245,787,122)
Finance costs paid	(629,080,684)	(140,731,118)
<b>Net cash generated from / (used in) operating activities</b>	1,927,330,867	(3,606,104,239)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	4 (481,024)	(26,874,470)
Purchase of investment property	(183,806,134)	(64,942,880)
Development charges incurred in relation to investment property	8.1 (12,957,220)	(22,375,601)
Proceeds from disposal of investment property	8.1 3,500,000	1,410,000,000
Investment in Naya Nazimabad REIT	(278,000,000)	-
Profit on savings accounts received during the year	29 82,995,188	46,332,934
Profit on exposure deposit received during the year	29 4,842,542	3,241,454
Short term loan given to Javedan Corporation Limited	14 (352,000,000)	(380,000,000)
Short term loan recovered from Javedan Corporation Limited	14 -	380,000,000
Markup recovered from Javedan Corporation Limited	14 10,192,861	-
Proceeds from reverse repo receivable	19,816,988	181,843,149
Amount paid against reverse repo payable	16,000,000	22,000,000
Proceeds from disposal of subsidiary	50,000,000	-
Advance against committed sale received during the year	4,266,830	15,500,030
Advance given against purchase of units / shares	(170,298,960)	-
Advance recovered / (given) against purchase of units / shares	15,552,128	(15,552,128)
Long-term advances and deposits	1,018,800	15,751,521
<b>Net cash (used in) / generated from investing activities</b>	(789,358,001)	1,564,924,009
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liability (principal)	(15,264,428)	(37,430,209)
Short term loan received from Javedan Corporation Limited	20.2 750,000,000	1,780,000,000
Short term loan repaid to Javedan Corporation Limited	20.2 (1,550,000,000)	(980,000,000)
Short term loan received from Arif Habib Corporation Limited	20.3 -	650,000,000
Short term loan repaid to Arif Habib Corporation Limited	20.3 -	(650,000,000)
Short term loan received from sponsor	20.4 2,412,700,000	-
Short term loan repaid to sponsor	20.4 (2,412,700,000)	-
Dividend paid	(389,779,219)	(589,755,307)
<b>Net cash (used in) / generated from financing activities</b>	(1,205,043,647)	172,814,484
Net decrease in cash and cash equivalents	(67,070,781)	(1,868,365,746)
Cash and cash equivalents at the beginning of the year	(563,636,625)	1,304,729,121
<b>Cash and cash equivalents at the end of the year</b>	33 (630,707,406)	(563,636,625)

The annexed notes from 1 to 39 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 June 30, 2023

## 1. STATUS AND NATURE OF BUSINESS

1.1 Arif Habib Limited ("the Company") is a public listed company incorporated in Pakistan under the repealed Companies Ordinance, 1984 ('the Ordinance') which has now been replaced by Companies Act, 2017 ('the Act'). The shares of the Company are listed on Pakistan Stock Exchange Limited ("the Exchange"). The Company was initially incorporated as an unquoted public limited company wholly owned by Arif Habib Corporation Limited ("the Parent Company"). Subsequently, the Parent Company offered its 25% share holding in the Company to general public and the Company obtained listing on the Exchange on January 31, 2007. As of June 30, 2023, the Parent Company held 72.92% shares of the Company (2022: 63.01% shares).

1.2 The Company is a holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited. The principal activities of the Company are investments, share brokerage, inter-bank brokerage, Initial Public Offer (IPO), underwriting, advisory and consultancy services.

1.3 The geographical location of Company's offices are as follows:

- Karachi	Head office (Registered office)	Arif Habib Centre, 23 M.T. Khan Road, Karachi
- Lahore	Regional office	Office Nos. G-05 & G-06, Ground Floor, LSE Plaza, 19, Khayaban-e-Aiwan-e-Iqbal, Lahore
- Islamabad	Regional office	Office No. 506, 5th Floor, ISE Towers, Jinnah Avenue, Islamabad.
- Peshawar	Regional office	Shops No. F16, and F17, 1st Floor, The Mall Tower, Peshawar Cantt.
- Multan	Regional office	Office # 305, 3rd Floor, United Mall, Abdali Road, Multan.
- Faisalabad	Regional office	Office No. 04, 3rd Floor at Legacy Tower, Koh-e-noor City, Faisalabad.
- Rahim Yar Khan	Regional office	Shop No. 2, Basement, Basheer Plaza, Model Town, Rahim Yar Khan

1.4	The Company has following subsidiaries:	Holding %
-	Rayaan Commodities (Private) Limited (Formerly Arif Habib Commodities (Private) Limited)	100%

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These unconsolidated financial statements are the separate financial statements of the Company and 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 Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, and directives issued under, the Companies Act, 2017.

Where the 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 2.2 Basis of measurement of items in the unconsolidated financial statements.

Items in these unconsolidated financial statements have been measured at their historical cost, except for:

- Investment property which is carried at fair value except for residential flats which are under construction as disclosed under note 8.2
- Long term investments in ISE Tower REIT Management Limited, LSE Proptech Limited and LSE Ventures Limited which are carried at fair value; and
- Short term investments in quoted equity securities and corporate debt securities which are carried at fair value.

## 2.3 Functional and presentation currency

Items included in these unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. These unconsolidated financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

## 2.4 Judgments and sources of estimation uncertainty

In preparing these unconsolidated financial statements, management has made judgements and estimates 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.

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

### (a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in these unconsolidated financial statements is included in the following notes:

Area of judgement	Brief description of the judgement applied
Short term investments	Whether the company has significant influence over the M/s. Safe Mix Concrete Limited (SCL) (refer. note 10.1.1)
Deferred tax assets	Whether deferred tax assets should be recorded on realized and unrealized losses on short term investments in securities - availability of future taxable profit on securities with in next three tax years against which such losses can be utilised
Timing of revenue recognition	Advisory and consultancy services: Whether performance obligation is satisfied at a point in time or over time that is whether the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

(b) *Assumptions and other major sources of estimation uncertainty*

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
Long term investment	Estimation of fair value of investment in ordinary shares of ISE Towers REIT Management Limited and investment in debt instrument of Naya Nazimabad Apartment REIT and Rahat Residency REIT
Investment Property	Estimation of fair value of investment property
Trade debts	Estimation of expected credited losses

2.5 New accounting pronouncements

2.5.1 New and amended standards and interpretations mandatory for the first time for the financial year beginning July 01, 2022:

Effective date:  
January 01, 2022

(a) IAS 37 - Onerous contracts

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

Effective date:  
January 01, 2022

(b) IAS 16 - Proceeds before an asset's intended use

Amendment to IAS 16 'Property, Plant and Equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2022 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.5.2 *New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective*

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2022 and have not been early adopted by the Company:

Effective date:  
January 01, 2023

(a) IAS 1 - Disclosure of accounting policies

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

(b) IAS 8 - Definition of accounting estimates

Effective date:  
January 01,2023

The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

(c) IAS 12 - Deferred tax

Effective date:  
January 01,2023

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

(d) IAS 1 - Classification of liabilities as current or non current

Effective date:  
January 01,2024

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

(e) IFRS 16 - Sale and leaseback transaction

Effective date:  
January 01,2024

Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-lease back transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

Other than the aforesaid amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of Financial Reporting Standards
- IFRS 17 - Insurance Contracts

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

### 3.1 Property and equipment

#### Owned

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost include expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the carrying amount 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. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates specified in note 4. Depreciation is charged when the asset is available for use till the asset is disposed off. Further, when the written down value of the item of assets falls below Rs.10,000, the same is charged directly to the statement of profit or loss.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment as at June 30, 2023 did not require any adjustment.

### 3.2 Leases

The Company assesses at contract inception whether a contract is, or contains, 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 applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### A - Leases other than short-term leases and leases of low-value assets

##### (a) Right-of-use assets

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

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## (b) Lease liabilities

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 lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

## B - Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to those leases where the nature of the underlying asset is such that, when new, the asset is typically of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## 3.3 Intangible assets

### *Computer software*

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is computed using the reducing balance method over assets estimated useful life at the rates stated in note 6.1, after taking into accounts residual value, if any. The residual values, useful life and amortization methods are reviewed and adjusted, if appropriate, at each reporting date.

Amortization is charged from the date the assets are put to use while no amortization is charged after the date when the assets are disposed off.

Gain and losses on disposal of such assets, if any, are included in the statement of profit or loss.

### *Trading Right Entitlement Certificate (TREC) and Offices*

These are stated at cost less impairment, 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.

## 3.4 Investment in subsidiaries

Investments in subsidiary companies are accounted for using the cost method. Under this method, the investments are stated at cost less any impairment in the value of individual investments.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 3.5 Investment properties

Investment properties are held for capital appreciation and is measured initially at their cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value at each reporting date. The changes in fair value is recognised in the statement of profit or loss.

When the Company determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value of the property to be reliably measurable when construction is complete, the Company measures that investment property at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier).

## 3.6 Financial instruments

### 3.6.1 Initial recognition, classification and measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment.

Regular way purchase of investments are recognized using settlement date accounting i.e. on the date on which settlement of the purchase transaction takes place. However, the Company follows trade date accounting for its own (the house) investments. Trade date is the date on which the Company commits to purchase or sell its asset.

Transactions of purchase under resale (reverse-repo) of marketable securities including the securities purchased under margin trading system are entered into at contracted rates for specified periods of time. Amounts paid under these agreements in respect of reverse repurchase transactions are recognized as a receivable. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable transactions / margin trading system and accrued on a time proportion basis over the life of the reverse repo agreement.

The Company classifies its financial assets into either of following three categories:

- (a) financial assets measured at amortized cost.
- (b) fair value through other comprehensive income (FVOCI); and
- (c) fair value through profit or loss (FVTPL)

#### (a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

#### (b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## (c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

## 3.6.2 Subsequent measurement

### (a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

### (b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

### (c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.

## 3.6.3 Impairment

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade debts and receivables from margin financing, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

conditions and forecast of future economic conditions. The Company recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## 3.6.4 De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

## 3.7 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

## 3.8 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle liability simultaneously.

## 3.9 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.

## 3.10 Cash and cash equivalents

Cash and cash equivalent are carried in the statement of financial position at amortized cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and bank balances and short term running finance.

## 3.11 Staff retirement benefits - Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the employee.

The Company operates a defined contribution plan i.e. recognized provident fund ("the Fund") for all of its eligible employees in accordance with trust deed and rules made thereunder. Monthly contributions at the rate 12.50% of basic salary are made to the Fund by the Company and the employees.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

When an employee has rendered service to the Company during a period, the Company recognises the contribution payable to a defined contribution plan in exchange for that service as an expense in profit or loss and as a liability in the statement of financial position (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Company recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, they are discounted using the discount rate determined by reference to market yields at the end of the reporting period on high quality corporate bonds (or when there is no deep market in such bonds, the government bonds) having term consistent with the estimated term of the post-employment benefit obligations.

## 3.12 Taxation

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

### *Current tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### *Deferred tax*

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income taxes are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is measured using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that the sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### *Judgment and estimates*

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

### *Offsetting*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 3.13 Provisions and contingent liabilities

### *Provisions*

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

### *Contingent liabilities*

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but 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 cannot be measured with sufficient reliability.

## 3.14 Operating revenue

### *Revenue from trading activities - brokerage commission*

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.

### *Revenue from advisory and consultancy services*

Revenue is recognized when the performance obligation is satisfied i.e. when services are provided.

The Company does not expect to have contracts where the period between the services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

### *Dividend income*

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## *Mark up / interest income*

Mark-up / interest income is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

### 3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to all borrowings of the Company that are outstanding during the period. However, the Company excludes from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amount of borrowing costs that the Company capitalises during a period does not exceed the amount of borrowing costs it incurs during that period.

The Company begins capitalising borrowing costs as part of the cost of a qualifying asset on the 'commencement date' which is the date when the Company first meets all of the following conditions: (a) it incurs expenditures for the asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

The Company suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

The Company ceases capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 4. PROPERTY AND EQUIPMENT - owned assets

	Leasehold offices	Leasehold improvements	Office equipment	Furniture & fixtures	Computers & allied items	Vehicles	Total
Rupees							
<b>As at June 30, 2021</b>							
Cost	32,473,333	102,485,179	4,993,633	13,175,651	45,878,026	-	199,005,822
Accumulated depreciation	(4,549,687)	(86,391,840)	(1,872,552)	(2,454,092)	(27,636,159)	-	(122,904,330)
Net book value	<u>27,923,646</u>	<u>16,093,339</u>	<u>3,121,081</u>	<u>10,721,559</u>	<u>18,241,867</u>	<u>-</u>	<u>76,101,492</u>
<b>Movement during the year ended June 30, 2022</b>							
Opening net book value	27,923,646	16,093,339	3,121,081	10,721,559	18,241,867	-	76,101,492
Additions during the year	-	-	3,122,410	5,227,370	13,097,690	5,427,000	26,874,470
Depreciation for the year	(4,188,547)	(2,414,001)	(764,678)	(2,160,749)	(9,037,149)	(431,949)	(18,997,073)
Closing net book value	<u>23,735,099</u>	<u>13,679,338</u>	<u>5,478,813</u>	<u>13,788,180</u>	<u>22,302,408</u>	<u>4,995,051</u>	<u>83,978,889</u>
<b>As at June 30, 2022</b>							
Cost	32,473,333	102,485,179	8,116,043	18,403,021	58,975,716	5,427,000	225,880,292
Accumulated depreciation	(8,738,234)	(88,805,841)	(2,637,230)	(4,614,841)	(36,673,308)	(431,949)	(141,901,403)
Net book value	<u>23,735,099</u>	<u>13,679,338</u>	<u>5,478,813</u>	<u>13,788,180</u>	<u>22,302,408</u>	<u>4,995,051</u>	<u>83,978,889</u>
<b>Movement during the year ended June 30, 2023</b>							
Opening net book value	23,735,099	13,679,338	5,478,813	13,788,180	22,302,408	4,995,051	83,978,889
Additions during the year	-	-	41,000	-	440,024	-	481,024
Depreciation for the year	(3,560,267)	(2,051,903)	(827,462)	(2,114,921)	(7,787,925)	(999,011)	(17,341,489)
Closing net book value	<u>20,174,832</u>	<u>11,627,435</u>	<u>4,692,351</u>	<u>11,673,259</u>	<u>14,954,507</u>	<u>3,996,040</u>	<u>67,118,424</u>
<b>As at June 30, 2023</b>							
Cost	32,473,333	102,485,179	8,157,043	18,403,021	59,415,740	5,427,000	226,361,316
Accumulated depreciation	(12,298,501)	(90,857,744)	(3,464,692)	(6,729,762)	(44,461,233)	(1,430,960)	(159,242,892)
Net book value	<u>20,174,832</u>	<u>11,627,435</u>	<u>4,692,351</u>	<u>11,673,259</u>	<u>14,954,507</u>	<u>3,996,040</u>	<u>67,118,424</u>
Annual rates of depreciation	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>33%</u>	<u>20%</u>	

## 5. RIGHT-OF-USE ASSETS

	2023	2022
Rupees		
Opening net book value	32,555,873	27,657,325
Add: Additions during the year	-	26,785,352
	<u>(1,141,363)</u>	<u>-</u>
Less: Disposal during the year	31,414,510	54,442,677
Less: Depreciation charged during the year	(29,134,843)	(21,886,804)
Closing net book value	<u>2,279,667</u>	<u>32,555,873</u>
Depreciation rate (per annum)	<u>20% to 33%</u>	<u>20% to 33%</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

- 5.1 This represents Company's right to use certain real estate properties held by it under lease arrangements. The principal terms and conditions of the said arrangements are as follows:

	Principal Office (Karachi)	Regional Office (Peshawar)	Regional Office (Faisalabad)
Lessor name	Rotocast Engineering Co. (Pvt.) Ltd.	Mr. Azmat Hassan Khan	Mr. Ahsan Mahmood
Address of the leased property	Block-B, 2nd Floor, Arif Habib Centre, Plot No. 23, Off. M.T. Khan Road	35 Mall Tower, Peshawar Cantt	Office No. 04, 3rd Floor, Legacy Tower, Koh-e-Noor City
Lease agreement date	July 01, 2022	March 01, 2019	October 10, 2020
Lease commencement date	July 01, 2022	February 01, 2019	October 15, 2020
Initial contractual term of the lease	1 year	5 years	5 years
Availability of extension option?	No	Yes	Yes
No. of years for which the lease extension option is available	N/A	5 years	Indefinite
Estimated lease term (as on the date of commencement of the lease)	1 year	5 years	5 years

## 6. INTANGIBLES ASSETS

	Note	2023 Rupees	2022 Rupees
Computer software	6.1	1,115,626	1,487,502
Trading Right Entitlement Certificate and offices	6.2	4,600,000	4,600,000
		<u>5,715,626</u>	<u>6,087,502</u>
<b>6.1 Computer software</b>			
<i>Net carrying amount</i>			
Opening net book value		1,487,502	1,983,336
Amortisation charge		(371,876)	(495,834)
Closing net book value		<u>1,115,626</u>	<u>1,487,502</u>
<i>Gross carrying amount</i>			
Cost		7,949,132	7,949,132
Accumulated amortisation		<u>(6,833,506)</u>	<u>(6,461,630)</u>
Net book value		<u>1,115,626</u>	<u>1,487,502</u>
<i>Amortisation rate</i>		25%	25%



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 6.2 Trading Right Entitlement Certificate (TREC) and offices

Trading Right Entitlement Certificate

- Cost
- Accumulated impairment

Offices- booths - Pakistan Stock Exchange Limited

Note	2023	2022
	Rupees	
6.2.1	26,000,000	26,000,000
	(23,500,000)	(23,500,000)
6.2.2	2,500,000	2,500,000
	2,100,000	2,100,000
	4,600,000	4,600,000

6.2.1 This represents TREC received by the 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 have been carried at cost less accumulated impairment losses.

6.2.2 PSX vide notice no. PSX/N - 225 dated February 16, 2021 have notified the notional fees of a Trading Right Entitlement Certificate which amounts to Rs. 2.5 million.

## 7. LONG TERM INVESTMENTS

Investment in subsidiaries  
Investment in other entities

Note	2023	2022
	Rupees	
7.1	38,000,000	38,000,000
7.2	1,085,254,068	42,745,423
	1,123,254,068	80,745,423

7.1 Investment in subsidiaries - at cost less accumulated impairment

2023	2022
Number of shares	
3,800,000	3,800,000
3,800,000	3,800,000

Rayaan Commodities  
(Private) Limited

Note	2023	2022
	Rupees	
7.1.1	38,000,000	38,000,000
	38,000,000	38,000,000

7.1.1 This represents paid up share capital comprising of 100% ownership in Rayaan Commodities (Private) Limited, formerly named as Arif Habib Commodities (Private) Limited, which was incorporated on April 02, 2012 as wholly owned subsidiary for the purpose of expanding non-core revenue system of the commodity brokerage. The total amount of investment approved by the shareholders of the Company in the extra-ordinary general meeting held on June 16, 2012 is Rs. 100 million. As of reporting date, the Company had invested a total sum of Rs. 38 million.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 7.2 Investment in other entities - at fair value through profit or loss

### Unquoted - Equity Instruments

ISE Towers REIT Management Company Limited  
LSE Financial Services Limited

### Quoted - Equity Instruments

LSE PropTech Limited  
LSE Ventures Limited

### Unquoted - Debt Instrument

Naya Nazimabad Apartment REIT (NRR)  
Rahat Residency REIT (RRR)

Note	2023	2022
	Rupees	
7.2.1	22,181,370	27,493,503
7.2.2	-	15,251,920
	<u>22,181,370</u>	<u>42,745,423</u>
		-
7.2.2	1,421,528	-
7.2.2	7,585,290	-
	<u>9,006,818</u>	
7.2.3	426,440,880	-
7.2.4	627,625,000	-
	<u>1,054,065,880</u>	<u>-</u>
	<u>1,085,254,068</u>	<u>42,745,423</u>

## 7.2.1 Investment in ISE Towers REIT Management Company Limited

This represents the 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:

### Cost of investment

ISE Tower REIT Management Company Limited

### Unrealised gain / (loss):

Balance as at July 01

Unrealised (loss) / gain for the year

### Balance as at June 30

	2023	2022
	Rupees	
	33,380,639	33,380,639
	(5,887,136)	4,460,873
	(5,312,133)	(10,348,009)
	<u>(11,199,269)</u>	<u>(5,887,136)</u>
	<u>22,181,370</u>	<u>27,493,503</u>

The Company as per its policy, carried out the valuation of the above investment. In this connection, the valuation technique used by the Company was Discounted Free Cash Flow to Equity model for business valuation. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, long term growth rate and projected rates of increase in revenues, other income and expenses.

Principal assumptions used in the valuation of the above unquoted investments are as under:

Long term growth rate  
Cost of equity  
Projection period  
Value per share (Rs.)

Valuation technique used

	2023	2022
	5.00%	5.00%
	17.50%	15.20%
	5	5
	7.31	9.06
	Discounted Free Cash Flow to Equity	Discounted Free Cash Flow to Equity

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

7.2.2 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 the Company received 295,536 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.

7.2.3 Investment in Naya Nazimabad Apartment REIT

	Cost	Appreciation on Remeasurement of Investments	Carrying Amount (at Fair Value)	
			2023	2022
Naya Nazimabad Apartment REIT (NNR)				
27,800,000 (2022: Nil)				
units of PKR 10 each	278,000,000	148,440,880	426,440,880	-

This represents 27.80 million units held in a privately placed, closed-end, limited life, shariah compliant, developmental REIT scheme which constitutes 9.46% 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 Depository Company of Pakistan Limited as its trustee.

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.

7.2.4 Investment in Rahat Residency REIT

	Cost	Appreciation on Remeasurement of Investments	Carrying Amount (at Fair Value)	
			2023	2022
Rahat Residency REIT (RRR)				
50,000,000 (2022: Nil)				
units of PKR 10 each	500,000,000	127,625,000	627,625,000	-

This represents 50 million units held 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 Depository Company of Pakistan Limited as its trustee.

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.

8. INVESTMENT PROPERTY

Open plots of land / offices - at fair value  
Residential flats under construction - at cost

Note	2023	2022
	Rupees	
8.1	202,000,000	1,576,836,333
8.2	248,749,014	64,942,880
	<u>450,749,014</u>	<u>1,641,779,213</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 8.1 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
<b>Disposal during the year:</b>			
Sale proceeds during the year	8.1.2	(1,632,575,000)	(1,410,000,000)
Realized gain on disposal - net	26	1,261,550,827	940,000,000
Less: Reversal of unrealized gain upon sale	26	(1,270,875,827)	(575,000,000)
		(1,641,900,000)	(1,045,000,000)
Fair value gain on remeasurement	26	254,106,447	646,212,860
	8.1.3	202,000,000	1,576,836,333

### 8.1.1 As of June 30, 2023, the open plots of land / offices comprised of the following:

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

8.1.2 During the year, the Company sold its 5 commercial plots located at Block A, Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi to its related party, M/s. Rahat Residency REIT for an aggregate sale consideration of Rs. 1,629.08 million. The Company received 50,000,000 units amounting to Rs. 500,000,000 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. 804,075,000 and Rs. 325,000,000 (32,500,000 units at par value of 10) respectively.

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

8.1.3 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 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
- <i>at Fair Value</i>				
Residential plots	155,500,000	131,668,461	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
- <i>at committed sale price</i>				
Committed to sale office	26,000,000	26,000,000	N/A	N/A
	<u>202,000,000</u>	<u>1,576,836,333</u>	<u>141,825,000</u>	<u>1,242,294,067</u>



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 8.2 Residential flats under construction - at cost

This represents the aggregate of the initial down payment and subsequent periodic payments 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, the Company 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, the Company 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 23.2 to these unconsolidated financial statements.

## 9. LONG TERM ADVANCES AND DEPOSITS

	Note	2023 ----- Rupees -----	2022 ----- Rupees -----
Advance against equity			
- Rayaan Commodities (Private) Limited	9.1	2,000,000	2,000,000
- Rahat Residency REIT	8.1.2	325,000,000	-
- Signature Residency REIT	9.2	133,298,960	-
- Neem Exponential Technology Pte. Limited	9.3	37,000,000	-
		<u>497,298,960</u>	<u>2,000,000</u>
Advance against construction of investment property	9.4	-	15,552,128
Trading deposits			
- Pakistan Stock Exchange Limited		700,461	700,461
- National Clearing Company of Pakistan Limited		1,250,000	1,260,000
		<u>1,950,461</u>	<u>1,960,461</u>
Other security deposits		935,146	1,943,946
		<u>500,184,567</u>	<u>21,456,535</u>

9.1 This represents advance against future issue of ordinary shares given to M/s. Rayaan Commodities (Private) Limited, formerly named as "Arif Habib Commodities (Private) Limited.

9.2 During the year, the Company has given advance against purchase of 13,329,896 units of Signature Residency REIT. As per the purchase agreement, the Company 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.

9.3 During the year, the Company 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.

9.4 The Company had given advance in previous year for the construction on commercial plot to Kings Real Estate. During the year, the contract for the construction cancelled and the amount received back by the Company.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 10. SHORT TERM INVESTMENTS - At fair value through profit or loss

Equity securities:  
- quoted

Debt securities:  
- quoted  
- unquoted

Note	2023	2022
	Rupees	
10.1	2,761,251,468	4,250,803,109
10.2	88,544,078	71,702,294
10.3	-	950,000,000
	88,544,078	1,021,702,294
	<u>2,849,795,546</u>	<u>5,272,505,403</u>

### 10.1 Investment in quoted equity securities

Cost of the investments

Unrealised gain / (loss):

Balance as at July 01

Unrealised (loss) / gain for the year

Balance as at June 30

Note	2023	2022
	Rupees	
	3,179,844,352	4,668,469,985
	(417,666,876)	34,796,222
	(926,008)	(452,463,098)
	(418,592,884)	(417,666,876)
10.1.1 & 10.1.2	<u>2,761,251,468</u>	<u>4,250,803,109</u>

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

10.1.2 These also include an investment in 13,590,281 (2022: nil) units of M/s. Globe Residency REIT (GRR). This gives the Company 9.71% (2022: nil) voting power in GRR. GRR will primarily invest in real estate with the objective of construction and sale; however during the REIT life, the REIT Scheme will place surplus funds in avenues allowed under and as per the REIT Regulations. The Company intends to sell the units after price appreciation therefore classified as short term.

### 10.2 Investment in quoted debt securities

Cost of investment

Unrealised gain / (loss):

Balance as at July 01

Unrealised gain for the year

Balance as at June 30

Note	2023	2022
	Rupees	
	91,607,707	72,312,491
	(610,197)	(1,454,664)
	(2,453,432)	844,467
	(3,063,629)	(610,197)
10.2.1	<u>88,544,078</u>	<u>71,702,294</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

10.2.1 These represent the investments in Term Finance (TFC) and Sukuk Certificates made under Market Making arrangements. The Company 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 and 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.

## 10.3 Investment in unquoted debt securities

Investment in unquoted TFCs of:

- Bank of Punjab (BOP)
- TPL Corp Limited (TPL)

	2023	2022
	----- Rupees -----	
	-	850,000,000
	-	100,000,000
	-	<u>950,000,000</u>

## 11. TRADE DEBTS

Gross receivables

- Equity brokerage - secured
- unsecured

- Inter bank brokerage - unsecured
- Advisory and consultancy fee - unsecured

Less: Provision for expected credit losses

- Equity brokerage - unsecured
- Inter bank brokerage - unsecured
- Advisory and consultancy fee - unsecured

Note	2023	2022
	----- Rupees -----	
	199,931,616	99,582,853
	<u>871,827,147</u>	<u>871,814,071</u>
11.1	1,071,758,763	971,396,924
	27,816,750	24,129,003
	109,748,485	103,187,373
	<u>1,209,323,998</u>	<u>1,098,713,300</u>
	871,827,147	(871,814,071)
	(5,695,935)	(2,454,930)
	(72,109,948)	(58,306,081)
11.2	<u>(949,600,030)</u>	<u>(932,575,082)</u>
	<u>259,690,968</u>	<u>166,138,218</u>

### 11.1 Gross receivables - Equity brokerage

11.1.1 These receivables include Rs. 0.90 million (2022: Rs. 1.9 million) due from the 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).

11.1.2 The Company holds capital securities having fair value of Rs. 75,027 million (2022: Rs. 64,334 million) owned by its clients, as collaterals against trade debts.

### 11.2 Movement in provision for expected credit losses

Balance at the beginning of the year  
Charge for the year  
Reversal during the year  
Balance at the end of the year

Note	2023	2022
	----- Rupees -----	
	932,575,082	922,272,883
28	24,688,276	10,302,199
29	(7,630,328)	-
	<u>949,633,030</u>	<u>932,575,082</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 12. RECEIVABLE AGAINST MARGIN FINANCING

Considered good  
Considered doubtful

Less: provision for doubtful receivables

Note	2023	2022
	Rupees	
	113,367,759	395,380,659
	-	1,917,749
12.1	113,367,759	397,298,408
12.2	-	(1,917,749)
	113,367,759	395,380,659

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

## 12.2 Provision for doubtful receivables

As on July 01,  
Reversal of provision during the year  
As on June 30,

	2023	2022
	Rupees	
	1,917,749	1,917,419
	(1,917,749)	-
	-	1,917,419

## 13. ADVANCES, DEPOSITS AND PREPAYMENTS

### Advances

Advance to consultant  
Advance against expenses  
Advance against salary

### Trade deposits

Exposure deposit with National Clearing Company of  
Pakistan Limited (NCCPL)

### Prepayments

Insurance

Note	2023	2022
	Rupees	
13.1	1,243,760	4,069,760
	3,273,801	3,092,021
	1,672,044	1,439,003
	6,189,605	8,600,784
13.2	31,400,253	9,903,549
	960,071	1,104,119
	38,549,929	19,608,452

13.1 This represents advance payment made to a consultant in respect of consultancy services on corporate finance projects.

13.2 This represents deposits held at the year end against exposure arising out of trading in securities in accordance with the regulations of National Clearing Company Pakistan Limited.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 14. OTHER RECEIVABLES

Receivable from Javedan Corporation Limited - a related party:

- Proceeds from sale of investment property
- Outstanding loan
- Mark-up on loan

Receivable from Rahat Residency REIT - a wholly owned subsidiary:

- Amount Receivable as proceeds from sale of investment property to REIT Scheme

Receivable against reverse repo arrangements  
Others

Note	2023	2022
	Rupees	
	5,126,734	5,126,734
14.1	352,000,000	-
14.1	2,071,785	10,192,861
	<u>359,198,519</u>	<u>15,319,595</u>
8.1.2	804,075,000	-
	108,796,620	115,089,608
	1,200,000	3,085,072
	<u>1,273,270,139</u>	<u>133,494,275</u>

14.1 During the year, the Company provided an unsecured financing facility of Rs. 1 billion to M/s. Javedan Corporation Limited 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. INVESTMENT IN SUBSIDIARY HELD FOR SALE

In its financial statements for the year ended June 30, 2022, the Company had classified the investment in M/s. Arif Habib 1857 (Private) Limited as 'held for sale'. During the year, the Company, accordingly, disposed off the said investment 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.

## 16. CASH AND BANK BALANCES

Cash in hand  
Cash held in central depository company

Cash at bank  
- current accounts  
- savings accounts

Note	2023	2022
	Rupees	
	733,779	687,720
	6,674,187	4,244,693
16.1	146,095,936	143,083,273
16.2	833,574,372	920,317,306
	979,670,308	1,063,400,579
	<u>987,078,274</u>	<u>1,068,332,992</u>

16.1 The return on these balances is 10% to 19% (2022: 6% to 14%) per annum on daily product basis.

16.2 Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 946.286 million (2022: Rs. 986.95 million).

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 17. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023 ----- (Number of shares) -----		2022 ----- (Number of shares) -----	
75,000,000		75,000,000	
10,800,000	10,800,000		
54,540,000	54,540,000		
65,340,000	65,340,000		

2023 ----- (Number of shares) -----		2022 ----- (Number of shares) -----	
750,000,000		750,000,000	
108,000,000	108,000,000		
545,400,000	545,400,000		
653,400,000	653,400,000		

Authorized capital  
Ordinary shares of Rs. 10/- each

Issued, subscribed and paid up capital  
Ordinary shares of Rs. 10/- each  
Issued for cash  
Issued as bonus shares

17.1 As of June 30, 2023, the Parent Company held 47,648,522 (2022: 45,370,472) ordinary shares of Rs. 10 each.

17.2 There is only one class of ordinary shares.

17.3 There are no agreements among shareholders in respect of voting rights, board selection, rights of first refusal, and block voting.

## 18. SURPLUS ON REVALUATION OF PROPERTY

In the year 2015, the Company reclassified leasehold offices to investment property. Accordingly, surplus on revaluation of properties was recognized in accordance with IAS 40 "Investment Property". During the year, the Company sold office premise due to which surplus amount to Rs. 7.597 million transferred to retained earning.

## 19. DEFERRED TAX - net

Deferred tax (asset) / liability in respect of:

- Capital loss on short term investments  
- Other temporary differences

- Capital loss on short term investments not  
recognised during the year  
Net Deferred tax asset recognised

19.1 Deferred tax in respect of other temporary  
differences

Note	2023 ----- Rupees -----	2022 ----- Rupees -----
	(125,485,050)	(53,286,891)
19.1	69,149,530	26,704,649
	(56,335,550)	(26,582,242)
19.2	125,485,080	53,286,891
	69,149,530	26,704,649

Deferred tax liabilities recognized  
Deferred tax asset recognized

Note	2023 ----- Rupees -----	2022 ----- Rupees -----
19.1.1	79,212,293	44,347,288
19.1.2	(10,062,763)	(17,642,639)
	69,149,530	26,704,649

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 19.1.1 Deferred tax liabilities

Accelerated depreciation  
Right-of-use assets  
Long term investment  
Investment property

	2023	2022
	Rupees	
	6,437,721	9,122,269
	661,103	9,441,203
	72,113,469	-
	-	25,783,816
	<u>79,212,293</u>	<u>44,347,288</u>

## 19.1.2 Deferred tax assets

Intangible assets  
Long term investment  
Provision for doubtful debts and other receivables  
Turnover tax  
Lease liability  
Deferred tax assets available for recognition

	2023	2022
	Rupees	
	6,491,468	6,815,000
	-	4,594,038
	-	556,147
	2,693,368	-
	877,927	5,677,454
	<u>10,062,763</u>	<u>17,642,639</u>

## 19.2 Deferred tax in respect of capital loss on short term investments

Deferred tax asset amounting to Rs. 125.485 million (2022: Rs. 53.286 million) has not been recognized in respect of the realized and unrealized capital losses on short term investments amounting to Rs. 919,549 (2022: Rs. 426.3 million) million because it is not probable that future capital gain on securities will be available against which the Company can use the benefits therefrom.

## 20. SHORT TERM BORROWINGS

From banking companies  
- Running finance

From related parties

- Financing facility from Javedan Corporation Limited  
- Financing facility from the Parent Company  
- Financing facility from the sponsor

Note	2023	2022
	Rupees	
20.1	1,617,785,680	1,631,969,617
20.2	-	800,000,000
20.3	-	-
20.4	-	-
	-	800,000,000
	<u>1,617,785,680</u>	<u>2,431,969,617</u>

### 20.1 Running finance arrangements from banking companies - secured

20.1.1 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 6,250 million (2022: Rs. 6,250 million). These facilities have various maturity dates up to April 22, 2024 (2022: September 30, 2024). These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.5% to 1.0%, 3 month KIBOR + 0.50% to 1.5% (2022: 1 month KIBOR + 0.5% to 1.0%, 3 month KIBOR + 0.50% to 1.5%) calculated on a daily product basis that is payable quarterly.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

20.1.2 Fair value of shares pledged with banking companies against various short term running finance facilities and bank guarantees as at June 30, 2023 amounted to Rs. 6,602.82 million (2022: Rs. 6,612.99 million). Total value of securities pledged with financial institutions, indicating separately securities belonging to customers, is as under:

	June 30, 2023		June 30, 2022	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Clients	118,700,000	4,730,847,000	123,850,000	4,681,530,000
House	134,088,000	1,871,972,795	66,927,500	1,931,461,325
Total	252,788,000	6,602,819,795	190,777,500	6,612,991,325

20.2 Financing facility from Javedan Corporation Limited - unsecured

	2023	2022
	Rupees	
Opening balance	800,000,000	-
Add: Finance obtained during the year	750,000,000	1,780,000,000
Less: Repayments made during the year	(1,550,000,000)	(980,000,000)
Closing balance	-	800,000,000

20.2.1 The Company obtained an unsecured financing facility of Rs. 2 billion from M/s. Javedan Corporation Limited to finance its working capital requirements. The loan is repayable within 30 days of notice of demand and carries interest at the rate of 3 month KIBOR + 1.75% (payable quarterly).

20.3 Financing facility from the Parent Company

	2023	2022
	Rupees	
Opening balance	-	-
Add: Finance obtained during the year	-	650,000,000
Less: Repayments made during the year	-	(650,000,000)
Closing balance	-	-

20.3.1 Financing facility of Rs. 2.2 billion is available from M/s. Arif Habib Corporation Limited to finance its working capital requirements. The loan was repayable within 30 days of notice of demand and carried interest at the rate of 3 month KIBOR + 1% (payable quarterly).

20.4 Financing facility from the Sponsor

	2023	2022
	Rupees	
Opening balance	-	-
Add: Finance obtained during the year	2,412,700,000	-
Less: Repayments made during the year	(2,412,700,000)	-
Closing balance	-	-

20.4.1 During the year, Company obtained unsecured financing facility of Rs. 2.2 billion from sponsor M/s. Arif Habib which is payable on demand. It carried interest at the rate of 3 month KIBOR + 1%.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 21. TRADE AND OTHER PAYABLES

Creditors
Commission payable
Future profit withheld
Accrued expenses
Advance from customers
Withholding tax payable
Sindh sales tax and federal excise duty payable
Advance against committed sale of investment property
Payable against reverse repo transaction
Other liabilities

Note	2023	2022
	Rupees	
21.1	877,099,730	952,177,136
21.2	22,477,749	28,573,208
	6,566,721	1,274,153
	16,460,698	23,692,633
	-	4,252,568
	24,101,999	33,155,905
	934,324	17,202,489
21.3	26,510,555	22,243,725
21.4	17,629,267	33,629,267
	3,956,751	5,419,342
	<u>995,737,794</u>	<u>1,121,620,426</u>

21.1 This includes Rs. 61.3 million (2022: Rs. 109.45 million) payable to related parties.

21.2 This includes Rs. 12.82 million (2022: Rs. 23.9 million) payable to related parties.

21.3 Advance for committed sale of investment property

Advance received from:
- M/s. Rayaan Commodities (Private) Limited
- Mr. Safi Ullah

Note	2023	2022
	Rupees	
21.3.1	17,510,555	13,243,725
21.3.2	9,000,000	9,000,000
	<u>26,510,555</u>	<u>22,243,725</u>

21.3.1 This represents an advance received from M/s. Rayaan (Private) Limited, a subsidiary company, against an agreed sale of four offices located at 1st floor of Stock Exchange Building against consideration amounting to Rs. 26 million (agreed in July 2019). The Company received Rs 1.5 million as token money at the time of agreement and the remaining amount is being received in 49 equal monthly installments. The sale will be executed after receiving of total amount of Rs. 26 million. Since the Company is committed to sell the offices at Rs. 26 million, the fair value of the offices as at June 30, 2023 has been recognized equal to the said sale consideration.

21.3.2 This represents advance received 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. 43.688 million. The sale will be executed after receiving of total amount of Rs. 43.688 million. Since the Company is committed to sell the plots at Rs. 43.688 million, the fair value of these plots as at June 30, 2023 would be recognized equal to the said sale consideration. However, the agreement expired on March 31, 2023 and no further amount received by the Company therefore these plots are revalued as at June 30, 2023.

21.4 This represents amount payable to M/s. Masood Fabrics and M/s. Mehmood Textiles 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.

## 22. TAXATION - net

Note	2023	2022
	Rupees	
22.1	<u>(15,457,413)</u>	<u>70,302,865</u>



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 22.1 Movement for the year

Note	2023	2022
	Rupees	
	70,302,865	199,213,556
	133,078,720	147,010,029
23.1.2	(8,093,592)	(30,133,598)
	124,985,128	116,876,431
	(210,745,406)	(245,787,122)
22.2	(15,457,413)	70,302,865

As at July 01,

Charge for the year

- current year

- prior year

Taxes paid during the year

As at June 30,

22.2 This includes provision for super tax amounting to Rs. 78.638 million (2022: Rs. 86.909 million).

The Company 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 High Court has granted stay and directed that no coercive action be taken for recovery from the Company. The said stay is still in force and the Company has recorded a provision till tax year 2018.

The Company also filed a constitution petition C.P. No. D 5421/2018 on July 21, 2018 in Sindh High Court Karachi against the recovery of Super tax for the tax year 2017 and C.P. No. D 4980/2020 on October 12, 2020 for the tax year 2018, both the petitions were rejected by the Sindh High Court on September 15, 2020 and November 14, 2020 respectively.

The Company 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 Supreme Court of Pakistan as per its direction. The 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 the Company has made the required deposit.

## 23. CONTINGENCIES AND COMMITMENTS

### 23.1 Contingencies

#### 23.1.1 Contingent liability existing as at the reporting date

The Company 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. The Company filed an appeal against the impugned order in the appropriate forums and, accordingly, a stay was granted to the Company 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. The Company's legal counsel is of the view that the Company has a favorable case based on merit. Accordingly, the Company has not made any provision of the said amount in these unconsolidated financial statements.

#### 23.1.2 Previously reported contingent liabilities that were resolved during the year

As disclosed in note 23.1.2 of the financial statements of 2022, the tax authorities issued notices to the Company under Section 4B and framed impugned orders for the recovery of super tax for each of the relevant tax years by amending the assessment orders (Orders) by reclassifying company's brokerage income which is since long assessed as its business income as Income from Other Sources for the purpose of calculating super tax u/s 4B and creating impugned demand over and above that computable under Section 4B by an aggregate amount of Rs. 33.72 million for the tax years 2018 and 2019. The Company filed appeal against the impugned demand before the Commissioner Inland Revenue (Appeals). During the year, the CIR (Appeals) decided the issue of computation of super tax in favour of the Company and accordingly the demanded income tax has been deleted.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 23.2 Commitments

Following commitments were outstanding as at the reporting date:

- Outstanding settlements against Margin Trading contracts
- Outstanding settlements against sale / purchase of securities in regular market - net
- Financial guarantees given by commercial banks on behalf of the Company
- Against purchase of investment property
- Against development cost of investment property

	2023	2022
	----- Rupees -----	
	226,651,180	372,222,968
	151,314,528	277,978,515
	750,000,000	750,000,000
	75,000,000	312,057,120
	-	110,034,327

## 24. OPERATING REVENUE

Equity brokerage revenue  
Inter bank brokerage revenue  
Advisory and consultancy fee  
Markup on margin financing  
Dividend income on investment in equity securities  
Markup on corporate debt securities

	2023	2022
	----- Rupees -----	
	355,142,707	422,444,966
	116,066,254	94,638,538
	343,499,284	408,342,385
	63,294,214	51,955,294
	340,651,522	141,682,795
	275,870,361	12,774,497
	1,494,524,342	1,131,838,475

## 25. NET CHANGE IN UNREALIZED GAIN / (LOSS) ON INVESTMENTS

Long term investments  
Short term investments

	2023	2022
Note	----- Rupees -----	
	264,508,644	(12,009,348)
	(3,379,440)	(451,618,631)
10.1 & 10.2	261,129,204	(463,627,979)

## 26. NET CHANGE IN UNREALIZED GAIN / (LOSS) ON INVESTMENT PROPERTY

Increase in fair value of open plots / offices held at year end  
Less: Decrease in unrealized gain upon sale

	2023	2022
Note	----- Rupees -----	
	254,106,447	646,212,860
	(1,270,875,827)	(575,000,000)
26.1	(1,016,769,380)	71,212,860

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

26.1 This represent the unrealized gain previously recognized (i.e. as at June 30, 2022) in relation to 5 commercial plots sold during the year to M/s. Rahat Residency REIT, a wholly owned subsidiary (refer also note 8.1.2 to these unconsolidated financial statements).

## 27. ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2023 Rupees	2022 Rupees
Salaries and other benefits	27.1	318,800,653	316,410,053
Motor vehicle and travelling expense		49,963,699	49,176,945
CDC and clearing house charges		22,729,016	26,818,604
Building maintenance		43,783,047	25,375,242
Depreciation on right-of-use assets	5	29,134,843	21,886,804
Depreciation on property and equipment	4	17,341,489	18,997,073
Man power services	27.4	25,192,644	23,800,000
Communication		24,847,033	22,035,750
Legal and professional charges		2,486,540	472,062
Insurance		11,001,963	12,187,931
Repairs and maintenance		7,262,623	11,241,056
Fees and subscription		20,529,857	20,940,167
Printing and stationery		4,462,462	7,581,412
Business representation		6,197,559	4,797,947
Rent, rates and taxes		867,191	4,934,033
Auditors' remuneration	27.2	2,100,000	1,775,000
Advertisement and business promotion		453,810	1,144,724
Conveyance and meals		4,201,893	1,101,284
Meeting expenses		1,500,000	450,000
Amortization on intangible assets	6.1	371,876	495,834
Donation	27.3	3,382,000	-
Others		8,668,584	6,716,609
		<u>605,278,782</u>	<u>578,338,530</u>

## 27.1 Salaries and other benefits

	Note	2023 Rupees	2022 Rupees
Salaries and other benefits	27.1.1	189,391,327	190,597,220
Commission / Bonus		129,409,326	125,812,833
		<u>318,800,653</u>	<u>316,410,053</u>

27.1.1 Salaries and benefits include Rs. 10.66 million (2022: Rs. 10.530 million) in respect of provident fund contribution.

## 27.2 Auditors' remuneration

	2023 Rupees	2022 Rupees
Annual audit fee	1,200,000	1,000,000
Half yearly review	400,000	310,000
Review of compliance with Code of Corporate Governance	200,000	200,000
Other certifications	300,000	265,000
	<u>2,100,000</u>	<u>1,775,000</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 27.3 Donation

None of the directors or their spouse had any interest in the donees. Further, the particulars of the parties to whom donation paid exceeds Rs. 1 million or 10% of the total donation, whichever is higher, are as follows:

	2023	2022
	----- Rupees -----	
Momina & Duraid Foundation	1,500,000	-
Ali Afzal & Mian Muhammad Afzal	1,000,000	-
Ali Hassan Mangi Memorial Trust	500,000	-
Others	382,000	-
	<u>3,382,000</u>	<u>-</u>

27.4 These represent charges paid to M/s. Arif Habib Consultancy (Private) Limited, a related party, in respect of recruitment services obtained for providing senior and highly qualified consultants to lead the Company's investment banking department.

## 28. OTHER CHARGES

	2023	2022
Note	----- Rupees -----	
Provision for expected credit losses on trade debts	24,688,276	10,302,199
Irrecoverable trade debt written off	271,544	1,977,882
Other receivable written off	1,900,073	-
	<u>26,859,893</u>	<u>12,280,081</u>

## 29. OTHER INCOME

	2023	2022
Note	----- Rupees -----	
Markup on reverse repo transaction	13,524,000	28,364,241
Markup on loan to related party	2,071,785	10,192,861
Profit on saving accounts	82,995,188	46,332,934
Profit on exposure deposit	4,842,542	3,241,454
Gain on disposal of subsidiary	6,441,895	-
Gain on termination of lease	144,302	-
Reversal of provision of bad debt	7,630,328	-
Reversal of provision of margin financing	1,917,749	-
	<u>119,567,789</u>	<u>88,131,490</u>

## 30. FINANCE COSTS

	2023	2022
Note	----- Rupees -----	
Markup on short term borrowings	617,158,325	172,993,518
Other finance costs	20,710,849	24,161,986
	<u>637,869,174</u>	<u>197,155,504</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 30.1 Markup on short term borrowings

Markup on borrowing from banking companies

Markup on borrowing from related parties:

- M/s. Javedan Corporation Limited
- M/s. Arif Habib Corporation Limited
- Mr. Arif Habib

	2023	2022
	----- Rupees -----	
	349,760,306	149,703,608
	246,267,157	20,190,189
	-	3,099,721
	21,130,862	-
	267,398,019	23,289,910
	617,158,325	172,993,518

## 30.2 Other finance costs

Finance cost on lease liability

Markup on MTS securities

Bank charges

Guarantee charges to Parent Company

	2023	2022
	----- Rupees -----	
	916,144	3,014,485
	1,715,421	3,604,503
	15,198,369	14,387,064
	2,880,915	3,155,934
	20,710,849	24,161,986

## 31. TAXATION

Current tax

- for the year

- for prior year

Deferred

	2023	2022
	----- Rupees -----	
	133,078,720	147,010,029
	(8,093,592)	(30,133,598)
	124,985,128	116,876,431
	42,444,881	26,704,649
	167,430,009	143,581,080

### 31.1 Relationship between tax expense and accounting profit

Profit before taxation

Tax at the applicable rate of 29% (2022: 29%)

Tax effect of:

- income under Presumptive Tax Regime
- income under Minimum Tax Regime
- exempt income / permanent differences
- realized and unrealized capital losses on short term investments
- unrealized capital loss on long term investment
- unrealized capital gain on investment property
- prior year charge
- super tax under section 4C of Income Tax Ordinance, 2001
- tax on deemed income under section 7E of Income Tax Ordinance, 2001
- other miscellaneous items

	352,102,111	970,132,874
	102,109,612	281,338,533
	(51,000,161)	(19,903,755)
	46,925,873	8,769,519
	(365,849,740)	(272,600,000)
	145,368,956	133,767,282
	-	(1,111,327)
	269,079,304	5,132,087
	(8,093,592)	(30,133,598)
	23,152,759	17,151,853
	2,020,000	16,573,313
	3,716,998	4,597,173
	167,430,009	143,581,080



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

31.2 Except for the matters disclosed in note 23.1, income tax assessments of the Company 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.

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

### 32.1 Basic Earnings per share

Profit after taxation

Weighted average number of ordinary shares outstanding during the year

Earnings per share - basic

	2023	2022
	----- Rupees -----	
	<u>184,672,102</u>	<u>826,551,794</u>
	----- Number of shares -----	
	<u>65,340,000</u>	<u>65,340,000</u>
	----- Rupees -----	
	<u>2.83</u>	<u>12.65</u>

### 32.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company, since there were no potential ordinary shares in issue as at June 30, 2023 and June 30, 2022.

## 33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting year as shown in the unconsolidated statement of cash flows are reconciled to the related items in the unconsolidated statement of financial position as follows:

Cash and bank balances  
Short term borrowings from banking companies  
- running finance

	2023	2022
Note	----- Rupees -----	
16	<u>987,078,274</u>	<u>1,068,332,992</u>
20	<u>(1,617,785,680)</u> <u>(630,707,406)</u>	<u>(1,631,969,617)</u> <u>(563,636,625)</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 34. RELATED PARTY TRANSACTIONS AND BALANCES

34.1 Related parties comprise of group companies (the Parent Company, fellow subsidiary and the subsidiaries), key management personnel and directors of the Company and their close family members, and the staff provident fund. Remuneration of the Chief Executive and Directors is disclosed in note 35 to these unconsolidated financial statements. Transactions entered into, and balances held with, related parties during the year, are as follows:

### PARENT COMPANY

#### Arif Habib Corporation Limited

##### *Transaction during the year*

Brokerage commission earned during the sale and purchase of securities

Loan obtained

Loan repaid

Markup expense on loan received during the year

Guarantee charges

##### *Balances at the year end*

Trade receivable at year end

Guarantee charges payable

### SUBSIDIARY

#### Rayaan Commodities (Private) Limited (Formerly Arif Habib Commodities (Private) Limited)

##### *Transaction during the year*

Brokerage commission earned on sale and purchase of securities

Amount received against sale of investment property

##### *Balances at the year end*

Advance received against sale of investment property

Advance paid for subscription of shares

Trade payable at year end

Advances

	2023	2022
	----- Rupees -----	
	5,217,272	6,403,011
	-	650,000,000
	-	650,000,000
	-	3,099,721
	2,880,915	3,155,934
	35,692	97,724
	688,306	904,262

	2023	2022
	----- Rupees -----	
	338,394	346,482
	4,266,830	6,500,030
	17,510,555	13,243,725
	2,000,000	2,000,000
	452,208	1,253,071
	-	256,275

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## KEY MANAGEMENT PERSONNEL

	2023	2022
	----- Rupees -----	
<b>Zafar Alam (Chairman)</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	77,818	189,239
<i>Balances at the year end</i>		
Trade payable at year end	3,726	52,721
<b>Muhammad Shahid Ali (CEO)</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	9,867,252	9,842,849
<i>Balances at the year end</i>		
Trade payable at year end	60,409,046	108,175,950
<b>Muhammad Haroon (Director)</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	283,438	414,630
<i>Balances at the year end</i>		
Trade payable at year end	302,869	24,876
<b>Muhammad Sohail Salat (Director)</b>		
<i>Balances at the year end</i>		
Trade receivable at year end	1,199	599
<b>Sharmin Shahid (Director)</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	102,551	1,087,016
<i>Balances at the year end</i>		
Trade receivable at year end	4,186	4,283
<b>Nida Ahsan (Director)</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	1,040,280	706,454
<i>Balances at the year end</i>		
Trade payable at year end	24,641	-
Trade receivable at year end	684	7,928
<b>Mohsin Madni (Director)</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	15,652	12,253
<i>Balances at the year end</i>		
Trade payable at year end	109,517	485

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL

### Arif Habib

#### Transaction during the year

Brokerage commission earned on sale and purchase of securities	2,891,069	6,534,591
Loan obtained	2,412,700,000	-
Loan repaid	2,412,700,000	-
Markup on loan charged during the year	21,130,862	-

#### Balances at the year end

Trade receivable at year end	23,238	51,962
Mark-up payable	4,723,973	-

### Abdus Samad A. Habib

#### Transaction during the year

Brokerage commission earned on sale and purchase of securities	666,540	683,323
--	---------	---------

#### Balances at the year end

Trade receivable at year end	576,799	1,667,893
------------------------------	---------	-----------

### Muhammad Kashif A. Habib

#### Transaction during the year

Brokerage commission earned on sale and purchase of securities	54,876	-
--	--------	---

#### Balances at the year end

Trade receivable at year end	-	12,666
Trade payable at year end	1,879	-

## OTHER RELATED PARTIES

### Javedan Corporation Limited

#### Transaction during the year

Brokerage commission earned on sale and purchase of securities	566,918	322,500
Sale of investment property	-	1,410,000,000
Loan provided	352,000,000	380,000,000
Loan recovered	-	380,000,000
Mark-up recovered	10,192,861	-
Loan obtained	750,000,000	1,780,000,000
Loan repaid	1,550,000,000	980,000,000
Markup income on loan provided during the year	2,071,785	10,192,361
Markup expense on loan received during the year	246,267,157	20,190,189
Development charges paid	-	6,823,473

#### Balances at the year end

Trade receivable at year end	244,692	80,000
Receivable against sale of investment property	5,126,734	5,126,734
Loan payable	-	800,000,000
Loan receivable	352,000,000	-
Mark-up receivable	2,071,785	10,192,361
Mark-up payable	-	3,144,411

	2023	2022
	----- Rupees -----	
<b>Arif Habib</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	2,891,069	6,534,591
Loan obtained	2,412,700,000	-
Loan repaid	2,412,700,000	-
Markup on loan charged during the year	21,130,862	-
<i>Balances at the year end</i>		
Trade receivable at year end	23,238	51,962
Mark-up payable	4,723,973	-
<b>Abdus Samad A. Habib</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	666,540	683,323
<i>Balances at the year end</i>		
Trade receivable at year end	576,799	1,667,893
<b>Muhammad Kashif A. Habib</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	54,876	-
<i>Balances at the year end</i>		
Trade receivable at year end	-	12,666
Trade payable at year end	1,879	-
<b>OTHER RELATED PARTIES</b>		
<b>Javedan Corporation Limited</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	566,918	322,500
Sale of investment property	-	1,410,000,000
Loan provided	352,000,000	380,000,000
Loan recovered	-	380,000,000
Mark-up recovered	10,192,861	-
Loan obtained	750,000,000	1,780,000,000
Loan repaid	1,550,000,000	980,000,000
Markup income on loan provided during the year	2,071,785	10,192,361
Markup expense on loan received during the year	246,267,157	20,190,189
Development charges paid	-	6,823,473
<i>Balances at the year end</i>		
Trade receivable at year end	244,692	80,000
Receivable against sale of investment property	5,126,734	5,126,734
Loan payable	-	800,000,000
Loan receivable	352,000,000	-
Mark-up receivable	2,071,785	10,192,361
Mark-up payable	-	3,144,411

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## Arif Habib Dolmen REIT Management Limited

### Transaction during the year

Brokerage commission earned on sale and purchase of securities

### Balances at the year end

Trade receivable at year end

Trade payable at year end

## Rotocast Engineering Co. (Pvt) Limited

### Transaction during the year

Rent paid

Brokerage commission earned on sale and purchase of securities

### Balances at the year end

Prepaid rent

Trade receivable at year end

## Globe Residency REIT

### Transaction during the year

Units purchased during the year

Amount paid against purchase of residential flats

Revenue earned

### Balances at the year end

Advance against committed sale of investment property

## Signature Residency REIT

### Transaction during the year

Advance given for the purchase of units

### Balances at the year end

Units receivable of REIT

## Rahat Residency REIT

### Transaction during the year

Sale of plots

Units received of REIT

### Balances at the year end

Units receivable of REIT

Amount receivable

## Naya Nazimabad Apartment REIT

### Transaction during the year

Units purchased during the year

	2023	2022
	----- Rupees -----	
Brokerage commission earned on sale and purchase of securities	-	516,000
Trade receivable at year end	-	10,556
Trade payable at year end	44	-
<b>Rotocast Engineering Co. (Pvt) Limited</b>		
Rent paid	27,815,558	39,194,649
Brokerage commission earned on sale and purchase of securities	284,286	616,807
Prepaid rent	-	746,370
Trade receivable at year end	13,978	4,194
<b>Globe Residency REIT</b>		
Units purchased during the year	37,328,140	-
Amount paid against purchase of residential flats	183,806,134	64,942,880
Revenue earned	829,829	-
Advance against committed sale of investment property	248,749,014	64,942,880
<b>Signature Residency REIT</b>		
Advance given for the purchase of units	133,298,960	-
Units receivable of REIT	133,298,960	-
<b>Rahat Residency REIT</b>		
Sale of plots	1,629,075,000	-
Units received of REIT	500,000,000	-
Units receivable of REIT	325,000,000	-
Amount receivable	804,075,000	-
<b>Naya Nazimabad Apartment REIT</b>		
Units purchased during the year	278,000,000	-



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## Arif Habib Equity (Private) Limited

### Transaction during the year

Brokerage commission earned on sale and purchase of securities

### Balances at the year end

Trade receivable at year end

Trade payable at year end

## Arif Habib Provident Fund Trust

### Transaction during the year

Contribution paid during the year

	2023	2022
	----- Rupees -----	
Brokerage commission earned on sale and purchase of securities	1,882,801	826,625
Trade receivable at year end	-	20,208
Trade payable at year end	7,895,397	-
Contribution paid during the year	10,658,679	10,530,000

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

The aggregate amounts charged in these unconsolidated financial statements for remuneration, including certain benefits to Chief Executive, Directors and executives of the Company, are as follows:

	Chief Executive		Directors		Other Executives	
	2023	2022	2023	2022	2023	2022
	----- Rupees -----					
Managerial remuneration	8,668,824	8,637,168	-	-	92,863,729	56,515,530
Contribution to provident fund	600,000	600,000	-	-	4,774,066	3,224,972
Medical allowance	480,000	480,000	-	-	4,030,316	2,526,969
Bonus / Fee	18,728,240	33,691,237	1,200,000	425,000	48,992,121	26,471,557
	<u>28,477,064</u>	<u>43,408,405</u>	<u>1,200,000</u>	<u>425,000</u>	<u>150,660,121</u>	<u>88,739,028</u>
Number of persons	<u>1</u>	<u>1</u>	<u>5</u>	<u>5</u>	<u>25</u>	<u>12</u>

## 36. FINANCIAL INSTRUMENTS

### 36.1 Financial risk analysis

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (foreign currency risk, price risk and interest/mark-up rate risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 36.1.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. 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 ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

### Exposure to credit risk

Credit risk of the Company mainly arises from deposits with banks and financial institutions, trade debts, receivable against margin financing, short term loans, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience, obtain authorized approvals and arrange for necessary collaterals in the form of equity securities to reduce credit risks and other factors. These collaterals are subject to market risk which ultimately affects the recoverability of debts. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors.

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, are detailed as follows:

	2023	2022
Note	Rupees	
Long term investment (Debt instrument - at fair value through profit or loss)	1,054,065,880	-
Long-term advances and deposits	500,184,567	21,456,535
Short term investment in corporate debt securities	88,544,078	1,021,702,294
Trade debts	259,690,968	166,138,218
Receivable against margin financing	113,367,759	395,380,659
Short term deposits	31,400,253	9,903,549
Accrued markup on margin financing	21,527,045	21,480,959
Other receivables	1,273,270,139	133,494,275
Receivable against trading of securities - net	77,192,508	-
Bank balances	979,670,308	1,063,400,579
	<u>3,344,847,625</u>	<u>2,832,957,068</u>

(a) Trade debts were due from local clients.

(b) The Company held equity securities having fair value of Rs. 75,027 million (2022: Rs. 64,334 million) owned by its clients, as collaterals against trade debts - brokerage and operating.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

	2023		2022	
	Gross Carrying Amount	Provision for expected credit losses	Gross Carrying Amount	Provision for expected credit losses
----- Rupees -----				
Not past due	6,487,822	-	8,038,852	-
Past due 1 day - 30 days	67,877,119	31,132	110,099,223	31,170
Past due 31 days - 180 days	82,659,599	3,875,011	17,918,373	1,542,467
Past due 181 days - 365 days	114,801,087	2,072,503	11,782,985	2,744,093
More than a year	937,498,371	943,654,384	950,873,867	928,257,352
	<u>1,209,323,998</u>	<u>949,633,030</u>	<u>1,098,713,300</u>	<u>932,575,082</u>

No impairment has been recognized except as disclosed in respect of these debts as the security against the same is adequate or counter parties have sound financial standing.

The credit quality of Company's liquid funds can be assessed with reference to external credit ratings as follows:

Banks / other institutions	Short term rating	Credit rating agency	2023		2022	
			----- Rupees -----			
Allied Bank Limited	A-1+	PACRA	13,959,448		37,549,342	
Askari Bank Limited	A-1+	PACRA	71,013,407		53,646,662	
Bank Al-Falah Limited	A-1+	PACRA	12,211,260		560,493	
Bank Al-Habib Limited	A-1+	PACRA	281,504,567		168,886,195	
Bank Islami Pakistan Limited	A-1	PACRA	31,312		31,282	
Bank of Khyber	A-1	PACRA	2,187,652		2,028,432	
Bank of Punjab	A-1+	PACRA	1,397,745		257,741,755	
Dubai Islamic Bank Limited	A-1+	VIS	56,905,607		5,716,534	
Faysal Bank Limited	A-1+	PACRA	1,099,736		1,175,740	
Habib Bank Limited	A-1+	VIS	19,893,653		51,859,907	
Habib Metropolitan Bank Limited	A-1+	PACRA	118,221,456		142,904,409	
JS Bank Limited	A-1+	PACRA	4,864,748		4,031,583	
MCB Bank Limited	A-1+	PACRA	32,473,439		42,119,350	
Meezan Bank Limited	A-1+	VIS	268,457,021		128,357,472	
National Bank of Pakistan	A-1+	PACRA	8,476,648		83,130,931	
Silk Bank Limited	A-2	VIS	14,209		12,934	
Sindh Bank Limited	A-1	VIS	53,154,420		37,727,118	
Soneri Bank Limited	A-1+	PACRA	8,128,443		3,738,911	
Summit Bank Limited	-	-	11,433,734		27,952,111	
United Bank Limited	A-1+	VIS	14,241,803		14,229,418	
Central Depository Company	-	-	6,674,187		4,244,693	
			<u>986,344,495</u>		<u>1,067,645,272</u>	

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

Due to the Company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

## 36.1.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity and borrowings with a view to 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.

On the reporting date, the Company had cash and bank balance amounting to Rs. 979.67 million (2022: Rs. 1,063.401 million) unutilized credit lines Rs. 10,332 million (2022: Rs. 6,318 million) and liquid assets in the form of short term securities amounting to Rs. 2,423.355 million (2022: Rs. 4,322.505 million).

The following are the contractual maturities of financial liabilities, including estimated interest payments (except interest payments on short term borrowings and loan from a related party):

	June 30, 2023					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	----- Rupees -----					
<b>Financial Liabilities</b>						
Lease Liability	3,027,336	6,032,839	1,365,978	1,430,423	3,236,438	-
Running finance arrangement from banking companies (including accrued markup)	1,701,638,514	1,701,638,514	1,701,638,514	-	-	-
Trade and other payables	944,190,916	944,190,916	944,190,916	-	-	-
	<u>2,648,856,766</u>	<u>2,651,862,269</u>	<u>2,647,195,408</u>	<u>1,430,423</u>	<u>3,236,438</u>	<u>-</u>

	June 30, 2022					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	----- Rupees -----					
<b>Financial Liabilities</b>						
Lease Liability	19,577,429	21,712,058	15,898,117	2,098,343	3,715,598	-
Running finance arrangement from banking companies (including accrued markup)	1,707,033,961	1,707,033,961	1,707,033,961	-	-	-
Financing facility from Javedan Corporation Limited	800,000,000	800,000,000	800,000,000	-	-	-
Trade and other payables	1,044,765,739	1,044,765,739	1,044,765,739	-	-	-
Payable against purchase of securities - net	21,078,278	21,078,278	21,078,278	-	-	-
	<u>3,592,455,407</u>	<u>3,594,590,036</u>	<u>3,588,776,095</u>	<u>2,098,343</u>	<u>3,715,598</u>	<u>-</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 36.1.3 Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risks: foreign currency risk, price risk and interest rate risk. The market risks associated with the Company's business activities are discussed as under:

### i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As of the reporting date, the Company was not exposed to currency risk since there were no foreign currency transactions and balances at the reporting date.

### ii) 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. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 7.5% or Rs. 1 whichever is higher. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Company manages price risk by monitoring the exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the Company to incur significant mark-to-market and credit losses. As of the reporting date, the Company was exposed to price risk since it had investments in quoted securities amounting to Rs. 2,849.795 million (2022: Rs. 4,322.5 million) and also because the Company held collaterals in the form of equity securities against their debtor balances.

The carrying value of investments subject to price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and consequently the amount realized 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, the amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

The Company's portfolio of short term investments is broadly diversified so as to mitigate the significant risk of decline in prices of securities in particular sectors of the market.

Analysis of short term investment in quoted equity securities by business sector is as follows:

	June 30, 2023		June 30, 2022	
	(Rupees)	%	(Rupees)	%
Engineering	4,089,500	0.15%	265,713,469	9.62%
Food & Personal Care Products	5,312,700	0.19%	195,210,740	7.07%
Oil & Gas	-	0.00%	1,357,586,064	49.17%
Sugar & Allied Industries	5,766,425	0.21%	5,766,425	0.21%
Textile Composite	-	0.00%	50,000,000	1.81%
Fertilizer	1,378,427,153	49.92%	995,863,151	36.07%
Commercial Bank	621,724,657	22.52%	457,676,320	16.57%
Construction & Material (Cement)	105,893,878	3.83%	731,829,937	26.50%
Power Generation & Distribution	-	0.00%	3,721,700	0.13%
Technology & Communication	3,337,100	0.12%	141,594,990	5.13%
Pharma	-	0.00%	109,020	0.00%
Glass & Ceramics	-	0.00%	519,050	0.02%
Cable & Electrical Goods	-	0.00%	16,048,900	0.58%
Miscellaneous	636,700,055	23.06%	29,163,343	1.06%
	<u>2,761,251,468</u>	<u>100.00</u>	<u>4,250,803,109</u>	<u>100.00</u>



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

Sensitivity analysis:

The table below summarizes Company's price risk as of June 30, 2023 and 2022 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of markets and the aforementioned concentrations existing in Company's investment portfolio.

		Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit/(loss) after tax	Hypothetical increase / (decrease) in Other comprehensive income
June 30, 2023	Rupees	2,849,795,546	10% increase	3,134,775,101	242,232,622	242,232,622	-
			10% decrease	2,564,815,991	(242,232,622)	(242,232,622)	-
June 30, 2022	Rupees	4,322,505,403	10% increase	4,754,755,943	378,219,223	378,219,223	-
			10% decrease	3,890,254,863	(378,219,223)	(378,219,223)	-

### (iii) Interest rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in note 20 to these unconsolidated financial statements.

Financial assets and liabilities include balances of Rs. 1,496.283 million (2022: Rs. 1,502.49 million) and Rs. 1,617.786 million (2022: Rs. 2,431.969 million) respectively, which are subject to interest / markup rate risk. Applicable interest / mark-up rates for financial assets and liabilities have been indicated in respective notes.

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

	2023 Effective interest rate (%)	2022	2023 Carrying Amount (Rs.)	2022
<b>Financial assets - variable rate instruments</b>				
Receivable against margin financing	10% to 28.75%	10% to 20%	113,367,759	395,380,659
Receivable against reverse repo arrangement	15%	15%	108,796,620	115,089,608
Loan receivable from JCL	23.87%	N/A	352,000,000	-
Corporate debt securities - at FVTPL	7.9% to 14.5%	7.9% to 14.5%	88,544,078	71,702,294
Bank deposits - pls account	10% to 19%	6% to 14%	833,574,372	920,317,306
<b>Financial liabilities - variable rate instruments</b>				
Running finance arrangements from banking companies - secured	7.9% to 13%	7.9% to 13%	1,617,785,680	1,631,969,617
Financing facility from Javedan Corporation Limited - unsecured	N/A	9.7% to 17.1%	-	800,000,000

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate would not affect the carrying amount of any financial instrument. For cash flow sensitivity analysis of variable rate instruments it is observed that interest / mark-up rate in terms of KIBOR has increased by 778 bps during the year.

The following information summarizes the estimated effects of 1% hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Effect on profit after tax	
	1% increase	1% (decrease)
	----- Rupees -----	
As at June 30, 2023		
Cash flow sensitivity-Variable rate financial instruments	<u>(862,670)</u>	<u>862,670</u>
As at June 30, 2022		
Cash flow sensitivity-Variable rate financial instruments	<u>(6,599,306)</u>	<u>6,599,306</u>

## 36.2. Financial instruments by categories

	June 30, 2023			Total
	At fair value through profit or loss	At fair value through other comprehensive income	At Amortized cost	
	----- Rupees -----			
Financial assets				
Long term investment	1,085,254,068	-	-	1,085,254,068
Long-term advances and deposits	-	-	500,184,567	500,184,567
Short term investments	2,849,795,546	-	-	2,849,795,546
Trade debts	-	-	259,690,968	259,690,968
Receivable against margin financing	-	-	113,367,759	113,367,759
Accrued markup on margin financing	-	-	21,527,045	21,527,045
Short term deposits	-	-	31,400,253	31,400,253
Other receivables	-	-	1,273,270,139	1,273,270,139
Receivable against trading of securities - net	-	-	77,192,508	77,192,508
Cash and bank balances	-	-	987,078,274	987,078,274
	<u>3,935,049,614</u>	<u>-</u>	<u>3,263,711,513</u>	<u>7,198,761,127</u>

	Financial liabilities at amortized cost
	----- Rupees -----
Financial liabilities	
Lease liability	3,027,336
Running finance arrangements from banking companies (including accrued markup)	1,701,638,514
Trade and other payables	944,100,916
Unclaimed dividend	21,425,487
	<u>2,670,282,253</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

Financial assets	June 30, 2022			Total
	At fair value through profit or loss	At fair value through other comprehensive income	At Amortized cost	
----- Rupees -----				
Long term investment	42,745,423	-	-	42,745,423
Long-term advances and deposits	-	-	21,456,535	21,456,535
Short term investments	5,272,505,403	-	-	5,272,505,403
Trade debts	-	-	166,138,218	166,138,218
Receivable against margin financing	-	-	395,380,659	395,380,659
Accrued markup on margin financing	-	-	21,480,959	21,480,959
Short term deposits	-	-	9,903,549	9,903,549
Other receivables	-	-	133,494,275	133,494,275
Receivable against trading of securities - net	-	-	1,068,332,992	1,068,332,992
Cash and bank balances	<u>5,315,250,826</u>	<u>-</u>	<u>1,816,187,187</u>	<u>7,131,438,013</u>

## Financial liabilities

	Financial liabilities at amortized cost ----- Rupees -----
Lease liability	19,577,429
Running finance arrangements from banking companies (including accrued markup)	1,707,033,961
Financing facility from Javedan Corporation Limited	800,000,000
Trade and other payables	1,044,765,739
Payable against trading of securities - net	21,078,278
Unclaimed dividend	19,164,706
	<u>3,611,620,113</u>

## 37. FAIR VALUE OF ASSETS AND LIABILITIES

The Company measures fair value of its assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

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. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, long term growth rate and projected rates of increase in revenues, other income and expenses. 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of judgment and estimation in the determination of fair value. 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.

The table below analyses assets measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

June 30, 2023	Level 1	Level 2	Level 3	Total
	Amount in Rupees			
Financial assets measured at fair value				
Short term investments	2,849,795,546	-	-	2,849,795,546
Long term investments	9,006,818	-	1,076,247,250	1,085,254,068
Non-financial assets measured at fair value				
Investment properties	-	202,000,000	-	202,000,000

June 30, 2022	Level 1	Level 2	Level 3	Total
	Amount in Rupees			
Financial assets measured at fair value				
Short term investments	4,322,505,403	-	950,000,000	5,272,505,403
Long term investments	-	-	42,745,423	42,745,423
Non-financial assets measured at fair value				
Investment properties	-	1,576,836,333	-	1,576,836,333

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:

	Note	2023	2022
		Rupees	
Balance as at July 01		42,745,423	54,754,771
Shares swapped with quoted securities		(15,251,290)	-
Unrealised (loss) / gain for the year	7.2.1	(5,312,133)	(12,009,348)
Balance as at June 30		22,181,370	42,745,423

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. A change of 1% in value arrived at reporting date would have the following effect:

	Effect on profit or loss	
	Favourable	(Unfavourable)
	Rupees	
June 30, 2023		
Unquoted equity securities	38,000,000	(38,000,000)
June 30, 2022		
Unquoted equity securities	38,000,000	(38,000,000)

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 38. CAPITAL

### 38.1 Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

### 38.2 The Capital Adequacy Level as defined by Central Depository Company (CDC) is calculated as follows;

	Note	2023 ----- Rupees -----	2022 ----- Rupees -----
Total assets	38.2.1	7,785,230,947	8,987,102,498
Less: Total liabilities		(2,790,978,661)	(3,785,482,314)
Less: revaluation reserves (created upon revaluation of fixed assets)		(7,835,000)	(15,432,500)
<b>Capital Adequacy Level</b>		<b><u>4,986,417,286</u></b>	<b><u>5,186,187,684</u></b>

### 38.2.1 While determining the value of the total assets, notional value of the TRE Certificate as at year end as determined by Pakistan Stock Exchange has been considered.

### 38.3 Liquid Capital [as per the requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016]

S.No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
1.	<b>Assets</b>			
1.1	Property & Equipment	520,147,105	520,147,105	-
1.2	Intangible Assets	5,715,626	5,715,626	-
1.3	Investment in Govt. Securities (Difference between BV and SV on the date on the basis of PKRV published by NIFT)	-	-	-
	<b>Investment in Debt. Securities</b>			
	<b>If listed than:</b>			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	88,544,078	4,427,204	84,116,876
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	<b>If unlisted than:</b>			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	1,054,065,880	158,109,882	895,995,998
	<b>Investment in Equity Securities</b>			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	2,632,642,918	400,283,957	2,232,358,961
	Provided, that if any of these securities are pledged with the securities exchange for maintaining Base Minimum Capital Requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base Minimum Capital.	38,960,000	38,960,000	-
	ii. If unlisted, 100% of carrying value.	22,181,370	22,181,370	-
1.6	Investment in subsidiaries	38,000,000	38,000,000	-
	<b>Investment in associated companies/undertaking</b>			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	98,655,368	59,216,018	39,439,350
	ii. If unlisted, 100% of net value.	-	-	-



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

S.No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity, however, any excess amount of cash deposited with securities exchange to comply with the requirements of Base minimum capital, may be taken in the calculation of LC.	1,950,461	1,950,461	-
1.9	Margin deposits with exchange and clearing house.	31,400,253	-	31,400,253
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	369,283,341	369,283,341	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	-	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	108,796,620	-	108,796,620
1.15	Advances and receivables other than trade receivables 1) No haircut may be applied on short term loan to employees provided these loans are secured and due for repayment within 12 months. 2) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation. 3) In all other cases, 100% of net value	1,012,558,418	1,012,558,418	-
1.16	<b>Receivables from clearing house or securities exchange(s)</b> i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	77,192,508	-	77,192,508
1.17	<b>Receivables from customers</b> i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. i. Lower of net balance sheet value or value determined through adjustments. ii. In case receivables are against margin trading, 5% of the net balance sheet value. ii. Net amount after deducting haircut iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, iii. Net amount after deducting haircut iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. Balance sheet value v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. v. Lower of net balance sheet value or value determined through adjustments vi. In the case of amount of receivable from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner: a. Upto 30 days, values determined after applying VaR based haircuts; b. Above 30 days, but upto 90 days, values determined after applying 50% or VaR based haircuts whichever is higher; c. Above 90 days, 100% haircut shall be applicable. Lower of net balance sheet values or values determined through adjustments	113,367,759 - - 16,483,255 242,307,495 900,218	4,743,857 - - - 65,441,568 900,218	108,623,902 - - 16,483,255 176,865,927 -

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

S.No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
1.18	<b>Cash and Bank balances</b>			
	i. Bank Balance-proprietary accounts	49,717,775	-	49,717,775
	ii. Bank balance-customer accounts	936,626,719	-	936,626,719
	iii. Cash in hand	733,779	-	733,779
1.19	Subscription money against Investment in IPO / offer for sale (asset) i. No Haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker. ii. In case of investments in IPO where shares have been allotted but not yet credited in CDS account, 25% haircuts will be applicable on the value of such securities. iii. In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VaR based haircut whichever is higher, will be applied on Right Shares. Balance sheet values or net values after deducting haircuts.			
1.20	<b>Total Assets</b>	<b>7,460,230,946</b>		<b>4,758,311,921</b>
2.	<b>Liabilities</b>			
2.1	<b>Trade Payables</b>			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	877,099,730	-	877,099,730
2.2	<b>Current Liabilities</b>			
	i. Statutory and regulatory dues	25,036,323	-	25,036,323
	ii. Accruals and other payables	198,880,062	-	198,880,062
	iii. Short-term borrowings	1,617,785,680	-	1,617,785,680
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	2,108,980	-	2,108,980
	vi. Deferred Liabilities	-	-	-
	vii. Provision for taxation	-	-	-
	viii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	<b>Non-Current Liabilities</b>			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease.			
	b. Other Long Term Financing			
	ii. Staff retirement benefits			
	iii. Other liabilities as per accounting principles and included in the financial statements	70,067,886	-	70,067,886
2.4	<b>Subordinated Loans</b>	-	-	-
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:			
2.5	<b>Advance against shares for increase in capital of securities broker.</b>	-	-	-
	100% haircut may be allowed in respect of advance against shares if:			
	a) The existing authorized share capital allows the proposed enhanced share capital			
	b) BOD has approved the increase in capital			
	c) Relevant Regulatory approvals have been obtained			
	d) There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed			
e) Auditor is satisfied that such advance is against the increase of capital.				
2.6	<b>Total Liabilities</b>	<b>2,790,978,661</b>		<b>2,790,978,661</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

S.No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
3.	<b>Ranking Liabilities Relating to:</b>			
	<b>Concentration in Margin Financing</b>			
3.1	The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees. (Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs 5 million) Note: Only amount exceeding by 10% of each financee from aggregate amount shall be include in the ranking liabilities	-	90,369,296	90,369,296
	<b>Concentration in securities lending and borrowing</b>			
3.2	"The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed (Note only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities)"	-	-	-
	<b>Net underwriting Commitments</b>			
3.3	(a) in the case of right issues : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting	-	-	-
	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-
3.4	<b>Negative equity of subsidiary</b> The amount by which the total assets of the subsidiary ( excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary.	-	-	-
3.5	<b>Foreign exchange agreements and foreign currency positions</b> 5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency.	-	-	-
3.6	Amount Payable under REPO	-	-	-
	<b>Repo adjustment</b>			
3.7	<b>In the case of financier/purchaser</b> the total amount receivable under Repo less the 110% of the market value of underlying securities. <b>In the case of financee/seller</b> the market value of underlying securities after applying haircut less the total amount received ,less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	25,799,380	25,799,380
3.8	<b>Concentrated proprietary positions</b> If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	69,087,219	69,087,219
	<b>Opening Positions in futures and options</b>			
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts	-	-	-
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 39.4. Corresponding figures

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purpose of comparison and better presentation. Following reclassifications have been made in these unconsolidated financial statements.

Reclassified from component	Reclassified to component	Amount (Rupees)
Development charges incurred during the year (Investment property)	Advance against construction of investment property (Long term advances and deposits)	<u>15,552,128</u>
Legal and professional charges (Administrative and operating expenses)	Fees and subscription (Administrative and operating expenses)	<u>11,855,267</u>
Exposure deposit with National Clearing Company of Pakistan Limited (NCCPL)	Future profit withheld	<u>1,274,153</u>
(Advances, deposits and prepayments)	(Trade and other payables)	

## 39.5 Events after the reporting date

In its meeting held on September 23, 2023, the Board of Directors of the Company has proposed a final cash dividend of Rs. 2.5/- per share amounting to Rs. 163.35 million (2022: a final cash dividend of Rs. 6/- per share amounting to Rs. 392.04 million). The above proposed entitlements are to be approved by the members of the Company in their Annual General Meeting (AGM) scheduled to be held on October 26, 2023. These unconsolidated financial statements do not reflect the said appropriation.

## 39.6 Date of authorization for issue

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on September 26, 2023.

## 39.7 Level of rounding off

Figures have been rounded off to the nearest rupee.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARIF HABIB LIMITED

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Opinion

We have audited the annexed consolidated financial statements of Arif Habib 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, 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, 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, the 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 Matter

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. However, we have determined that there are no key audit matters to communicate in our report.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, 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. However, we have nothing to report in this regard.

## Responsibilities of Management and 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 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 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.

Board of Directors are 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 scepticism 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 Mr. Muhammad Waseem.



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ  
Chartered Accountants

Karachi

Date: September 26, 2023

UDIN: AR202310213RDUfpx7go



# CONSOLIDATED **FINANCIAL STATEMENTS**



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Note	2023	(Restated) 2022 Rupees	(Restated) 2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment	4	68,722,457	85,465,988	76,921,622
Right-of-use assets	5	2,279,667	32,555,873	27,657,325
Intangible assets	6	6,715,626	7,087,502	10,083,336
Long term investment	7	1,085,254,068	42,745,423	54,754,771
Investment property	8	450,749,014	1,641,779,213	1,968,800,000
Long-term advances and deposits	9	507,191,772	30,963,740	32,118,136
		<u>2,120,912,604</u>	<u>1,840,597,739</u>	<u>2,170,335,190</u>
<b>Current assets</b>				
Short term investments	10	2,849,795,546	5,272,505,402	2,799,662,594
Trade debts	11	259,690,968	166,138,218	240,318,884
Receivable against margin financing	12	113,367,759	395,380,659	245,655,746
Receivable under margin trading system		11,679,177	9,233,629	-
Advances, deposits and prepayments	13	40,990,347	20,269,934	70,665,435
Accrued markup on margin financing		21,527,045	21,480,959	7,650,726
Receivable against trading of securities - net		77,192,508	-	-
Other receivables	14	1,274,009,584	141,060,860	286,080,040
Investment in subsidiary held for sale	15	-	49,675,292	-
Income tax refundable	22	15,111,277	-	-
Cash and bank balances	16	1,003,132,229	1,074,709,602	2,679,062,673
		<u>5,666,496,440</u>	<u>7,150,454,555</u>	<u>6,329,096,098</u>
<b>Total assets</b>		<u><b>7,787,409,044</b></u>	<u><b>8,991,052,294</b></u>	<u><b>8,499,431,288</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Share capital and reserves</b>				
<i>Authorized capital</i>				
	17	<u>750,000,000</u>	<u>750,000,000</u>	<u>750,000,000</u>
Issued, subscribed and paid-up capital	17	653,400,000	653,400,000	594,000,000
<i>Capital reserves</i>				
Surplus on revaluation of property	18	7,835,000	15,432,500	15,432,500
		-	-	27,944,785
		<u>7,835,000</u>	<u>15,432,500</u>	<u>43,377,285</u>
<i>Revenue reserves</i>				
Unappropriated profits		4,347,081,897	4,550,390,525	4,375,857,470
<b>Total equity</b>		<u><b>5,008,316,897</b></u>	<u><b>5,219,223,025</b></u>	<u><b>5,013,234,755</b></u>
<b>Non-current liabilities</b>				
Lease liability		918,356	3,683,359	3,525,415
Deferred tax - net	19	69,149,530	26,704,649	-
		<u>70,067,886</u>	<u>30,388,008</u>	<u>3,525,415</u>
<b>Current liabilities</b>				
Short term borrowings - secured	20	1,617,785,680	2,431,969,617	1,369,369,349
Current portion of lease liability		2,108,980	15,894,070	26,696,871
Loan from a related party		-	-	3,862,500
Trade and other payables	21	983,851,280	1,106,948,164	1,794,251,304
Unclaimed dividend		21,425,487	19,164,706	14,920,013
Payable against trading of securities - net		-	21,078,278	53,758,623
Accrued markup on short term borrowings		83,852,834	75,064,344	18,639,958
Liabilities directly associated with the assets held for sale	15	-	619,347	-
Taxation - net	22	-	70,702,735	201,172,500
		<u>2,709,024,261</u>	<u>3,741,441,261</u>	<u>3,482,671,118</u>
<b>Contingencies and commitments</b>	23	-	-	-
<b>Total equity and liabilities</b>		<u><b>7,787,409,044</b></u>	<u><b>8,991,052,294</b></u>	<u><b>8,499,431,288</b></u>

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2023

	Note	2023 ----- Rupees -----	2022 -----
Operating revenue	24	1,532,094,274	1,158,595,123
Realized loss on disposal of investments		(497,892,822)	(9,647,857)
Realized gain on sale of investment property		1,261,550,827	940,000,000
		<u>2,295,752,279</u>	<u>2,088,947,266</u>
Net change in unrealized gain / (loss) on investments	25	261,129,204	(463,627,979)
Net change in unrealized (loss) / gain on investment property	26	(1,016,769,380)	71,212,860
		<u>1,540,112,103</u>	<u>1,696,532,147</u>
Administrative and operating expenses	27	(645,496,107)	(611,681,583)
Other charges	28	(26,859,893)	(12,280,081)
Other operating income	29	118,289,020	92,905,527
		<u>986,045,123</u>	<u>1,165,476,010</u>
Finance costs	30	(637,886,905)	(197,170,056)
<b>Profit before taxation</b>		<u>348,158,218</u>	<u>968,305,954</u>
Taxation	31	(167,968,402)	(144,059,548)
<b>Profit after taxation - continuing operations</b>		<u>180,189,816</u>	<u>824,246,406</u>
<b>Discontinued operations</b>			
Profit for the period - net of tax	15.1.5	944,056	2,056,844
<b>Profit after taxation</b>		<u>181,133,872</u>	<u>826,303,250</u>
<b>Earnings per share - basic and diluted</b>			
From continuing operations		2.76	12.62
From discontinued operations		0.01	0.03
<b>Earnings per share - basic and diluted</b>	32	<u>2.77</u>	<u>12.65</u>

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2023

	2023 ----- Rupees -----	2022 ----- Rupees -----
Profit after taxation	180,189,816	824,246,406
Other comprehensive loss		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net change in fair value of the investment in equity securities	-	(26,314,980)
<b>Total comprehensive income for the year</b>	<u>180,189,816</u>	<u>797,931,426</u>

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2023

	Issued, subscribed and paid up capital	Revenue reserve	Capital reserves		Total
		Unappropriated profits	Surplus on revaluation of property	Surplus on re-measurement of investments	
Rupees					
Balance as at June 30, 2021 - before restatement	594,000,000	4,413,860,019	15,432,500	27,944,785	5,051,237,304
Effects of restatements as per note 39	-	(38,002,549)	-	-	(38,002,549)
Balance as at June 30, 2021 - restated	594,000,000	4,375,857,470	15,432,500	27,944,785	5,013,234,755
<b>Total comprehensive income for the year ended June 30, 2022</b>					
- Profit for the year	-	826,303,250	-	-	826,303,250
- Other comprehensive loss for the year	-	-	-	(26,314,980)	(26,314,980)
	-	826,303,250	-	(26,314,980)	799,988,270
Gain realized on disposal of investment in equity instruments at FVOCI	-	1,629,805	-	(1,629,805)	-
<b>Transactions with owners</b>					
Cash dividend paid @ 100% for the year ended June 30, 2021	-	(594,000,000)	-	-	(594,000,000)
Bonus shares @ 10% for the year ended June 30, 2021	59,400,000	(59,400,000)	-	-	-
	59,400,000	(653,400,000)	-	-	(594,000,000)
Balance as at June 30, 2022 - restated	653,400,000	4,550,390,525	15,432,500	-	5,219,223,025
<b>Total comprehensive income for the year ended June 30, 2023</b>					
- Profit for the year	-	181,133,872	-	-	181,133,872
- Other comprehensive profit for the year	-	-	-	-	-
	-	181,133,872	-	-	181,133,872
Surplus on revaluation transferred to retained earning (Refer note no. 18)	-	7,597,500	(7,597,500)	-	-
<b>Transactions with owners</b>					
Cash dividend paid @ 60% for the year ended June 30, 2022	-	(392,040,000)	-	-	(392,040,000)
Balance as at June 30, 2023	653,400,000	4,347,081,897	7,835,000	-	5,008,316,897

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2023

## CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax from continuing operations  
Profit before tax from discontinued operations  
Profit before taxation

### Adjustments for:

- Depreciation on property and equipment
- Depreciation on right-of-use-assets
- Amortization of intangible assets
- Provision for expected credit losses on trade debts
- Net change in unrealized loss on investments
- Irrecoverable trade debt written off
- Other receivable written off
- Realized gain on sale of investment property
- Net change in unrealized gain on investment property
- Mark up on reverse repo transactions
- Markup on loan to related party
- Profit on savings accounts
- Profit on exposure deposit
- Reversal of provision of margin financing
- Reversal of provision of bad debt
- Gain on termination of lease
- Finance costs

Cash generated from operating activities before working capital changes

### Effect on cash flow due to working capital changes

#### (Increase)/decrease in current assets

- Short-term investments
- Trade debts
- Receivable / payable against sales / purchase of securities - net
- Receivable under margin trading system
- Receivable against margin financing
- Advances, deposits and prepayments
- Accrued markup on margin financing
- Other receivables

#### Increase/(decrease) in current liabilities

- Trade and other payables

### Cash generated from / (used in) operations

Taxes paid  
Finance costs paid

Net cash generated from / (used in) operating activities

## CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property and equipment  
Purchase of investment property  
Development charges incurred in relation to investment property  
Proceeds from disposal of investment property  
Investment in Naya Nazimabad REIT  
Profit on savings accounts received during the year  
Profit on exposure deposit received during the year  
Short term loan given to Javedan Corporation Limited  
Short term loan recovered from Javedan Corporation Limited  
Markup recovered from Javedan Corporation Limited  
Proceeds from reverse repo receivable  
Amount paid against reverse repo payable  
Proceeds from disposal of subsidiary  
Advance against committed sale received during the year  
Advance given against purchase of units / shares  
Advance recovered / (given) against purchase of units / shares  
Long-term advances and deposits  
Net cash (used in) / generated from investing activities

## CASH FLOWS FROM FINANCING ACTIVITIES

Payment of lease liability (principal)  
Short term loan received from Javedan Corporation Limited  
Short term loan repaid to Javedan Corporation Limited  
Short term loan received from Arif Habib Corporation Limited  
Short term loan repaid to Arif Habib Corporation Limited  
Short term loan received from sponsor  
Short term loan repaid to sponsor  
Dividend paid  
Net cash (used in) / generated from financing activities  
Net decrease in cash and cash equivalents  
Cash and cash equivalents at the beginning of the year  
Cash and cash equivalents at the end of the year

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

Note	2023	2022
	Rupees	
	348,158,218	968,305,954
	1,713,405	2,906,469
	<u>349,871,623</u>	<u>971,212,423</u>
4	17,824,555	19,369,660
5	29,134,843	21,886,804
6.1	371,876	495,834
11.2	24,688,276	10,302,199
25	(261,129,204)	464,415,531
28	271,544	1,977,882
28	1,900,073	-
	(1,261,550,827)	(940,000,000)
26	1,016,769,380	(71,212,860)
29	(13,524,000)	(28,364,241)
29	(2,071,785)	(10,192,861)
29	(84,983,744)	(46,898,629)
29	(6,372,427)	(5,721,353)
29	(1,917,749)	-
29	(7,630,328)	-
29	(144,302)	-
30	637,886,905	197,170,056
	<u>89,523,086</u>	<u>(386,771,978)</u>
	439,394,709	584,440,445
	2,419,330,416	(3,003,728,519)
	(110,882,242)	56,773,851
	(98,270,786)	(32,680,345)
	(2,445,548)	20,130,918
	283,930,649	(149,724,913)
	(20,720,413)	50,395,501
	(46,086)	(13,830,233)
	6,812,138	2,997,367
	<u>(139,096,884)</u>	<u>(717,683,792)</u>
	2,338,611,244	(3,787,350,165)
22.1	2,778,005,953	(3,202,909,720)
	(212,106,882)	(248,677,162)
	<u>(629,098,415)</u>	<u>(140,745,670)</u>
	1,936,800,656	(3,592,332,552)
4	(1,081,024)	(27,914,026)
	(183,806,134)	(64,942,880)
8.1	(12,957,220)	(22,375,601)
8.1	3,500,000	1,410,000,000
	(278,000,000)	-
29	84,983,744	46,898,629
29	6,372,427	5,721,353
14	(352,000,000)	(380,000,000)
14	-	380,000,000
14	10,192,861	-
	19,816,988	181,843,149
	16,000,000	22,000,000
	49,055,945	-
	-	9,000,000
	(170,298,960)	-
	15,552,128	(15,552,128)
	3,518,800	27,334,297
	<u>(789,150,445)</u>	<u>1,572,012,793</u>
	(15,264,428)	(37,430,209)
20.2	750,000,000	1,780,000,000
20.2	(1,550,000,000)	(980,000,000)
20.3	-	650,000,000
20.3	-	(650,000,000)
20.4	2,412,700,000	-
20.4	(2,412,700,000)	-
20.4	(389,779,219)	(589,755,307)
	<u>(1,205,043,647)</u>	<u>172,814,484</u>
	(57,393,436)	(1,847,505,275)
	<u>(557,260,015)</u>	<u>1,309,693,324</u>
33	(614,653,451)	(537,811,951)

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 1. STATUS AND NATURE OF BUSINESS

1.1 Arif Habib Limited ("the Holding Company") is a public listed company incorporated in Pakistan under the repealed Companies Ordinance, 1984 ('the Ordinance') which has now been replaced by Companies Act, 2017 ('the Act'). The shares of the Company are listed on Pakistan Stock Exchange Limited ("the Exchange"). The Company was initially incorporated as an unquoted public limited company wholly owned by Arif Habib Corporation Limited ("the Parent Company"). Subsequently, the Parent Company offered its 25% share holding in the Company to general public and the Company obtained listing on the Exchange on January 31, 2007. As of June 30, 2023, the Parent Company held 72.92% shares of the Company (2022: 63.01% shares). The Holding Company is a holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited. The principal activities of the Company are investments, share brokerage, inter-bank brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services.

1.2 These consolidated financial statements of Arif Habib Limited for the year ended June 30, 2023 comprise of the Holding Company and subsidiary company (here-in-after referred to as "the Group").

1.3 The Holding Company has only one subsidiary, Rayaan Commodities (Private) Limited, having 100% holding in subsidiary. Rayaan Commodities (Private) Limited (Formerly Arif Habib Commodities (Private) Limited) (RCPL - the subsidiary company) was incorporated on April 02, 2012 as a private limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The registered office of RCPL is located at Arif Habib Centre, 23, M.T. Khan Road, Karachi. RCPL holds license of Pakistan Mercantile Exchange (PMEX). The principal activity of RCPL is to effectively manage investment portfolios in commodities.

1.4 The geographical location of Holding Company's offices are as follows:

- Karachi	Head office (Registered office)	Arif Habib Centre, 23 M.T. Khan Road, Karachi
- Lahore	Regional office	Office Nos. G-05 & G-06, Ground Floor, LSE Plaza, 19, Khayaban-e-Aiwan-e-Iqbal, Lahore
- Islamabad	Regional office	Office No. 506, 5th Floor, ISE Towers, Jinnah Avenue, Islamabad.
- Peshawar	Regional office	Shops No. F16, and F17, 1st Floor, The Mall Tower, Peshawar Cantt.
- Multan	Regional office	Office # 305, 3rd Floor, United Mall, Abdali Road, Multan.
- Faisalabad	Regional office	Office No. 04, 3rd Floor at Legacy Tower, Koh-e-noor City, Faisalabad.
- Rahim Yar Khan	Regional office	Shop No. 2, Basement, Basheer Plaza, Model Town, Rahim Yar Khan

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, and directives issued under, the Companies Act, 2017.

Where the 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 2.2 Basis of measurement of items in the consolidated financial statements.

Items in these consolidated financial statements have been measured at their historical cost, except for:

- Investment property which is carried at fair value except for residential flats which are under construction as disclosed under note 8.2
- Long term investments in ISE Tower REIT Management Limited, LSE Proptech Limited, LSE Ventures Limited, Naya Nazimabad Apartment REIT and Rahat Residency REIT which are carried at fair value; and
- Short term investments in quoted equity securities and corporate debt securities which are carried at fair value.

## 2.3 Functional and presentation currency

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pak Rupees which is the Group's functional and presentation currency.

## 2.4 Judgments and sources of estimation uncertainty

In preparing these consolidated financial statements, management has made judgements and estimates 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.

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

### (a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in these consolidated financial statements is included in the following notes:

Area of judgement	Brief description of the judgement applied
Short term investments	Whether the Group has significant influence over the M/s. Safe Mix Concrete Limited (SCL) (refer. note 10.1.1)
Deferred tax assets	Whether deferred tax assets should be recorded on realized and unrealized losses on short term investments in securities - availability of future taxable profit on securities with in next three tax years against which such losses can be utilised
Timing of revenue recognition	Advisory and consultancy services: Whether performance obligation is satisfied at a point in time or over time that is whether the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## (b) Assumptions and other major sources of estimation uncertainty

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
Long term investment	Estimation of fair value of investment in ordinary shares of ISE Towers REIT Management Limited and investment in debt instrument of Naya Nazimabad Apartment REIT and Rahat Residency REIT
Investment Property	Estimation of fair value of investment property
Trade debts	Estimation of expected credited losses

## 2.5 New accounting pronouncements

### 2.5.1 New and amended standards and interpretations mandatory for the first time for the financial year beginning July 01, 2022:

Effective date:  
January 01, 2022

#### (a) IAS 37 - Onerous contracts

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

Effective date:  
January 01, 2022

#### (b) IAS 16 - Proceeds before an asset's intended use

Amendment to IAS 16 'Property, Plant and Equipment' prohibit a Group from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Group is preparing the asset for its intended use. Instead, a Group will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the Group first applies the amendments.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2022 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations.

### 2.5.2 New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2022 and have not been early adopted by the Group:

Effective date:  
January 01, 2023

#### (a) IAS 1 - Disclosure of accounting policies

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Group's financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

(b) IAS 8 - Definition of accounting estimates

Effective date:  
January 01, 2023

The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

(c) IAS 12 - Deferred tax

Effective date:  
January 01, 2023

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

(d) IAS 1 - Classification of liabilities as current or non current

Effective date:  
January 01, 2024

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

(e) IFRS 16 - Sale and leaseback transaction

Effective date:  
January 01, 2024

Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-lease back transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Group and therefore, have not been presented here.

Other than the aforesaid amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of Financial Reporting Standards
- IFRS 17 - Insurance Contracts

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

### 3.1 Property and equipment

#### *Owned*

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost include expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the carrying amount 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. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates specified in note 4. Depreciation is charged when the asset is available for use till the asset is disposed off. Further, when the written down value of the item of assets falls below Rs.10,000, the same is charged directly to the statement of profit or loss.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Group's estimate of residual value of property and equipment as at June 30, 2023 did not require any adjustment.

### 3.2 Leases

The Group assesses at contract inception whether a contract is, or contains, 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 applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### A - Leases other than short-term leases and leases of low-value assets

##### *(a) Right-of-use assets*

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

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## (b) Lease liabilities

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 lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

## B - Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to those leases where the nature of the underlying asset is such that, when new, the asset is typically of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## 3.3 Intangible assets

### *Computer software*

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is computed using the reducing balance method over assets estimated useful life at the rates stated in note 6.1, after taking into accounts residual value, if any. The residual values, useful life and amortization methods are reviewed and adjusted, if appropriate, at each reporting date.

Amortization is charged from the date the assets are put to use while no amortization is charged after the date when the assets are disposed off.

Gain and losses on disposal of such assets, if any, are included in the statement of profit or loss.

### *Trading Right Entitlement Certificate (TREC) and Offices*

These are stated at cost less impairment, 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.

## 3.4 Investment in subsidiaries

Investments in subsidiary companies are accounted for using the cost method. Under this method, the investments are stated at cost less any impairment in the value of individual investments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 3.5 Investment properties

Investment properties are held for capital appreciation and is measured initially at their cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value at each reporting date. The changes in fair value is recognised in the statement of profit or loss.

When the Group determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value of the property to be reliably measurable when construction is complete, the Group measures that investment property at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier).

## 3.6 Financial instruments

### 3.6.1 Initial recognition, classification and measurement

The Group recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment.

Regular way purchase of investments are recognized using settlement date accounting i.e. on the date on which settlement of the purchase transaction takes place. However, the Group follows trade date accounting for its own (the house) investments. Trade date is the date on which the Group commits to purchase or sell its asset.

Transactions of purchase under resale (reverse-repo) of marketable securities including the securities purchased under margin trading system are entered into at contracted rates for specified periods of time. Amounts paid under these agreements in respect of reverse repurchase transactions are recognized as a receivable. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable transactions / margin trading system and accrued on a time proportion basis over the life of the reverse repo agreement.

The Group classifies its financial assets into either of following three categories:

- (a) financial assets measured at amortized cost.
- (b) fair value through other comprehensive income (FVOCI); and
- (c) fair value through profit or loss (FVTPL)

#### (a) *Financial assets measured at amortized cost*

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

#### (b) *Financial assets at FVOCI*

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

(c) *Financial assets at FVTPL*

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

### 3.6.2 Subsequent measurement

(a) *Financial assets measured at amortized cost*

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

(b) *Financial assets at FVOCI*

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) *Financial assets at FVTPL*

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Group has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.

### 3.6.3 Impairment

The Group recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade debts and receivables from margin financing, the Group applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Group applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

The Group measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Group recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## 3.6.4 De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

## 3.7 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

## 3.8 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle liability simultaneously.

## 3.9 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.

## 3.10 Cash and cash equivalents

Cash and cash equivalent are carried in the statement of financial position at amortized cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and bank balances and short term running finance.

## 3.11 Staff retirement benefits - Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the employee.

The Group operates a defined contribution plan i.e. recognized provident fund ("the Fund") for all of its eligible employees in accordance with trust deed and rules made thereunder. Monthly contributions at the rate 12.50% of basic salary are made to the Fund by the Group and the employees.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

When an employee has rendered service to the Group during a period, the Group recognises the contribution payable to a defined contribution plan in exchange for that service as an expense in profit or loss and as a liability in the statement of financial position (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Group recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, they are discounted using the discount rate determined by reference to market yields at the end of the reporting period on high quality corporate bonds (or when there is no deep market in such bonds, the government bonds) having term consistent with the estimated term of the post-employment benefit obligations.

## 3.12 Taxation

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

### *Current tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### *Deferred tax*

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income taxes are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is measured using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that the sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### *Judgment and estimates*

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. The Group recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

### *Offsetting*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to 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 June 30, 2023

## 3.13 Provisions and contingent liabilities

### *Provisions*

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

### *Contingent liabilities*

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but 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 cannot be measured with sufficient reliability.

## 3.14 Operating revenue

### *Revenue from trading activities - brokerage commission*

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.

### *Revenue from advisory and consultancy services*

Revenue is recognized when the performance obligation is satisfied i.e. when services are provided.

The Group does not expect to have contracts where the period between the services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

### *Dividend income*

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## *Mark up / interest income*

Mark-up / interest income is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

### 3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to all borrowings of the Group that are outstanding during the period. However, the Group excludes from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amount of borrowing costs that the Group capitalises during a period does not exceed the amount of borrowing costs it incurs during that period.

The Group begins capitalising borrowing costs as part of the cost of a qualifying asset on the 'commencement date' which is the date when the Group first meets all of the following conditions: (a) it incurs expenditures for the asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

The Group suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

The Group ceases capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 4. PROPERTY AND EQUIPMENT - owned assets

	Leasehold offices	Leasehold improvements	Office equipment	Furniture & fixtures	Computers & allied items	Vehicles	Total
	Rupees						
<b>As at June 30, 2021</b>							
Cost	32,473,333	102,485,179	5,474,245	13,175,651	48,339,376	-	201,947,784
Accumulated depreciation	(4,549,687)	(86,391,840)	(2,079,037)	(2,454,092)	(29,551,506)	-	(125,026,162)
Net book value	<u>27,923,646</u>	<u>16,093,339</u>	<u>3,395,208</u>	<u>10,721,559</u>	<u>18,787,870</u>	<u>-</u>	<u>76,921,622</u>
<b>Movement during the year ended June 30, 2022</b>							
Opening net book value	27,923,646	16,093,339	3,395,208	10,721,559	18,787,870	-	76,921,622
Additions during the year	-	-	3,359,666	5,227,370	13,899,990	5,427,000	27,914,026
Depreciation for the year	(4,188,547)	(2,414,001)	(816,833)	(2,160,749)	(9,357,581)	(431,949)	(19,369,660)
Closing net book value	<u>23,735,099</u>	<u>13,679,338</u>	<u>5,938,041</u>	<u>13,788,180</u>	<u>23,330,279</u>	<u>4,995,051</u>	<u>85,465,988</u>
<b>As at June 30, 2022</b>							
Cost	32,473,333	102,485,179	8,833,911	18,403,021	62,239,366	5,427,000	229,861,810
Accumulated depreciation	(8,738,234)	(88,805,841)	(2,895,870)	(4,614,841)	(38,909,087)	(431,949)	(144,395,822)
Net book value	<u>23,735,099</u>	<u>13,679,338</u>	<u>5,938,041</u>	<u>13,788,180</u>	<u>23,330,279</u>	<u>4,995,051</u>	<u>85,465,988</u>
<b>Movement during the year ended June 30, 2023</b>							
Opening net book value	23,735,099	13,679,338	5,938,041	13,788,180	23,330,279	4,995,051	85,465,988
Additions during the year	-	-	41,000	-	1,040,024	-	1,081,024
Depreciation for the year	(3,560,267)	(2,051,903)	(896,346)	(2,114,921)	(8,202,107)	(999,011)	(17,824,555)
Closing net book value	<u>20,174,832</u>	<u>11,627,435</u>	<u>5,082,695</u>	<u>11,673,259</u>	<u>16,168,196</u>	<u>3,996,040</u>	<u>68,722,457</u>
<b>As at June 30, 2023</b>							
Cost	32,473,333	102,485,179	8,874,911	18,403,021	63,279,390	5,427,000	230,942,834
Accumulated depreciation	(12,298,501)	(90,857,744)	(3,792,216)	(6,729,762)	(47,111,194)	(1,430,960)	(162,220,377)
Net book value	<u>20,174,832</u>	<u>11,627,435</u>	<u>5,082,695</u>	<u>11,673,259</u>	<u>16,168,196</u>	<u>3,996,040</u>	<u>68,722,457</u>
Annual rates of depreciation	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>33%</u>	<u>20%</u>	

## 5. RIGHT-OF-USE ASSETS

	2023	2022
	Rupees	
Opening net book value	32,555,873	27,657,325
Add: Additions during the year	-	26,785,352
Less: Disposal during the year	(1,141,363)	-
	<u>31,414,510</u>	<u>54,442,677</u>
Less: Depreciation charged during the year	(29,134,843)	(21,886,804)
Closing net book value	<u>2,279,667</u>	<u>32,555,873</u>
Depreciation rate (per annum)	<u>20% to 33%</u>	<u>20% to 33%</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

- 5.1 This represents Holding Company's right to use certain real estate properties held by it under lease arrangements. The principal terms and conditions of the said arrangements are as follows:

	Principal Office (Karachi)	Regional Office (Peshawar)	Regional Office (Faisalabad)
Lessor name	Rotocast Engineering Co. (Pvt.) Ltd.	Mr. Azmat Hassan Khan	Mr. Ahsan Mahmood
Address of the leased property	Block-B, 2nd Floor, Arif Habib Centre, Plot No. 23, Off. M.T. Khan Road	35 Mall Tower, Peshawar Cantt	Office No. 04, 3rd Floor, Legacy Tower, Koh-e-Noor City
Lease agreement date	July 01, 2022	March 01, 2019	October 10, 2020
Lease commencement date	July 01, 2022	February 01, 2019	October 15, 2020
Initial contractual term of the lease	1 year	5 years	5 years
Availability of extension option?	No	Yes	Yes
No. of years for which the lease extension option is available	N/A	5 years	Indefinite
Estimated lease term (as on the date of commencement of the lease)	1 year	5 years	5 years

## 6. INTANGIBLES ASSETS

Computer software  
Trading Right Entitlement Certificate and offices  
Membership Card - Pakistan Mercantile Exchange Limited

Note	2023	2022
	Rupees	
6.1	1,115,626	1,487,502
6.2	4,600,000	4,600,000
	1,000,000	1,000,000
	<u>6,715,626</u>	<u>7,087,502</u>

### 6.1 Computer software

*Net carrying amount*  
Opening net book value  
Amortisation charge  
Closing net book value

*Gross carrying amount*

Cost  
Accumulated amortisation  
Net book value

*Amortisation rate*

	2023	2022
	Rupees	
	1,487,502	1,983,336
	(371,876)	(495,834)
	<u>1,115,626</u>	<u>1,487,502</u>
	7,949,132	7,949,132
	(6,833,506)	(6,461,630)
	<u>1,115,626</u>	<u>1,487,502</u>
	25%	25%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 6.2 Trading Right Entitlement Certificate (TREC) and offices

Trading Right Entitlement Certificate

- Cost
- Accumulated impairment

Offices- booths - Pakistan Stock Exchange Limited

Note	2023	2022
	Rupees	
6.2.1	26,000,000	26,000,000
	(23,500,000)	(23,500,000)
6.2.2	2,500,000	2,500,000
	2,100,000	2,100,000
	4,600,000	4,600,000

6.2.1 This represents TREC received by the Holding 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 have been carried at cost less accumulated impairment losses.

6.2.2 PSX vide notice no. PSX/N - 225 dated February 16, 2021 have notified the notional fees of a Trading Right Entitlement Certificate which amounts to Rs. 2.5 million.

## 7. LONG TERM INVESTMENTS

Investment in equity instruments  
Investment in debt Instruments

Note	2023	2022
	Rupees	
7.1	31,188,188	42,745,423
7.2	1,054,065,880	-
	1,085,254,068	42,745,423

7.1 Investment in equity instruments - at fair value through profit or loss

**Unquoted**  
ISE Towers REIT Management Company Limited  
LSE Financial Services Limited

**Quoted**  
LSE PropTech Limited  
LSE Ventures Limited

Note	2023	2022
	Rupees	
7.1.1	22,181,370	27,493,503
7.1.2	-	15,251,920
	22,181,370	42,745,423
7.1.2	1,421,528	-
7.1.2	7,585,290	-
	9,006,818	-
	31,188,188	42,745,423

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 7.1.1 Investment in ISE Towers REIT Management Company Limited

This represents the 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 -----	
<i>Cost of the investment</i>		
ISE Tower REIT Management Company Limited	33,380,639	33,380,639
<i>Unrealised gain / (loss):</i>		
Balance as at July 01	(5,887,136)	4,460,873
Unrealised loss for the year	(5,312,133)	(10,348,009)
	(11,199,269)	(5,887,136)
<b>Balance as at June 30</b>	<b>22,181,370</b>	<b>27,493,503</b>

The Group as per its policy, carried out the valuation of the above investment. In this connection, the valuation technique used by the Group was Discounted Free Cash Flow to Equity model for business valuation. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, long term growth rate and projected rates of increase in revenues, other income and expenses.

Principal assumptions used in the valuation of the above unquoted investments are as under:

	2023	2022
Long term growth rate	5.00%	5.00%
Cost of equity	17.50%	15.20%
Projection period	5	5
Value per share (Rs.)	7.31	9.06
Valuation technique used	Discounted Free Cash Flow to Equity	Discounted Free Cash Flow to Equity

7.1.2 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 the Holding Company received 295,536 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.

## 7.2 Investment in debt instruments - at fair value

	Note	Cost	Appreciation on Remeasurement of Investments	Carrying Amount (at Fair Value)	
				2023	2022
		----- Rupees -----			
<b>Unquoted - Debt Instrument</b>					
Naya Nazimabad Apartment REIT (NNR) 27,800,000 (2022: Nil) units of PKR 10 each	7.2.1	278,000,000	148,440,880	426,440,880	-
Rahat Residency REIT (RRR) 50,000,000 (2022: Nil) units of PKR 10 each	7.2.2	500,000,000	127,625,000	627,625,000	-
		<u>778,000,000</u>	<u>276,065,880</u>	<u>1,054,065,880</u>	<u>-</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

7.2.1 This represents 27.80 million units held in a privately placed, closed-end, limited life, shariah compliant, developmental REIT scheme which constitutes 9.46% 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 Depository Company of Pakistan Limited as its trustee.

The Group 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.

7.2.2 This represents 50 million units held 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 Depository Company of Pakistan Limited as its trustee.

The Holding 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.

## 8. INVESTMENT PROPERTY

Open plots of land / offices - at fair value  
Residential flats under construction - at cost

Note	2023	2022
	Rupees	
8.1	202,000,000	1,576,836,333
8.2	248,749,014	64,942,880
	<u>450,749,014</u>	<u>1,641,779,213</u>

### 8.1 Open plots of land / offices - at fair value

Opening carrying amount (at fair value)  
Development charges incurred during the year  
(subsequent expenditure)

#### Disposal during the year:

Sale proceeds during the year  
Realized gain on disposal - net  
Less: Reversal of unrealized gain upon sale

Fair value gain on remeasurement

Note	2023	2022
	Rupees	
	1,576,836,333	1,968,800,000
	12,957,220	6,823,473
	<u>1,589,793,553</u>	<u>1,975,623,473</u>
8.1.2	(1,632,575,000)	(1,410,000,000)
	1,261,550,827	940,000,000
	<u>(1,270,875,827)</u>	<u>(575,000,000)</u>
	(1,641,900,000)	(1,045,000,000)
26	254,106,447	646,212,860
8.1.3	<u>202,000,000</u>	<u>1,576,836,333</u>

8.1.1 Open plots of land: 8 residential plots situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi (a real estate project being managed by M/s. Javedan Corporation Limited, a related party)

Offices: Offices bearing no. 60, 61, 62, 63 and 64 situated at first floor of the building complex of PSX, office bearing no. 220 situated at Lahore Stock Exchange Plaza and offices bearing no. 106, 203, 409 situated in the Lahore Stock Exchange - South Tower.

8.1.2 During the year, the Group sold its 5 commercial plots located at Block A, Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi to its wholly owned subsidiary, M/s. Rahat Residency REIT for an aggregate sale consideration of Rs. 1,629.08 million. The Group received 50,000,000 units amounting to Rs. 500,000,000 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. 804,075,000 and Rs. 325,000,000 (32,500,000 units at par value of 10) respectively.

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

8.1.3 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		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
	<u>202,000,000</u>	<u>1,576,836,333</u>	<u>141,825,000</u>	<u>1,242,294,067</u>

## 8.2 Residential flats under construction - at cost

This represents the aggregate of the initial down payment and subsequent periodic payments 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, the Group 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, the Group 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 23.2 to these consolidated financial statements.

## 9. LONG TERM ADVANCES AND DEPOSITS

	Note	2023	2022
		Rupees	
Advance against equity			
- Rahat Residency REIT	8.1.2	325,000,000	-
- Signature Residency REIT	9.1	133,298,960	-
- Neem Exponential Technology Pte. Limited	9.2	37,000,000	-
		<u>495,298,960</u>	<u>-</u>
Advance against construction of investment property	9.3	-	15,552,128
Trading deposits			
- Pakistan Stock Exchange Limited		700,461	700,461
- National Clearing Company of Pakistan Limited		1,250,000	1,260,000
- Pakistan Mercantile Exchange Limited		9,007,205	11,507,205
		<u>10,957,666</u>	<u>13,467,666</u>
Other security deposits		935,146	1,943,946
		<u>507,191,772</u>	<u>30,963,740</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

- 9.1 During the year, the Holding Company has given advance against purchase of 13,329,896 units of Signature Residency REIT. As per the purchase agreement, the Holding Company 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.
- 9.2 During the year, the Holding Company 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.
- 9.3 The Holding Company had given advance in previous year for the construction on commercial plot to Kings Real Estate. During the year, the contract for the construction cancelled and the amount received back by the Holding Company.

## 10. SHORT TERM INVESTMENTS - At fair value through profit or loss

Equity securities:  
- quoted

Debt securities:  
- quoted  
- unquoted

Note	2023	2022
	Rupees	
10.1	2,761,251,468	4,250,803,109
10.2	88,544,078	71,702,293
10.3	-	950,000,000
	88,544,078	1,021,702,293
	<u>2,849,795,546</u>	<u>5,272,505,402</u>

## 10.1 Investment in quoted equity securities

Cost of the investments

Unrealised gain / (loss):

Balance as at July 01  
Investment in subsidiary held for sale  
Unrealised (loss) / gain for the year

Balance as at June 30

Note	2023	2022
	Rupees	
	3,179,844,352	4,668,469,985
	(417,666,876)	34,796,222
	(926,008)	(452,463,098)
	(418,592,884)	(417,666,876)
10.1.1 & 10.1.2	<u>2,761,251,468</u>	<u>4,250,803,109</u>

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

- 10.1.2 These also include an investment in 13,590,281 (2022: nil) units of M/s. Globe Residency REIT (GRR). This gives the Holding Company 9.71% (2022: nil) voting power in GRR. GRR will primarily invest in real estate with the objective of construction and sale; however during the REIT life, the REIT Scheme will place surplus funds in avenues allowed under and as per the REIT Regulations. The Holding Company intends to sell the units after price appreciation therefore classified as short term.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 10.2 Investment in quoted debt securities

Cost of the investments

Unrealised gain / (loss):

Balance as at July 01

Unrealised (loss) / gain for the year

Balance as at June 30

Note	2023	2022
	Rupees	
	91,607,707	72,312,491
	(610,198)	(1,454,665)
	(2,453,432)	844,467
	(3,063,629)	(610,198)
10.2.1	88,544,078	71,702,293

10.2.1 These represent the investments in Term Finance (TFC) and Sukuk Certificates made under Market Making arrangements. The Holding Company has entered into such arrangements in accordance with Chapter 12 of PSX Rule Book with various Financial and Corporate Institution. Under the arrangements, the Holding Company has to maintain minimum inventory of TFCs and 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.

## 10.3 Investment in unquoted debt securities

Investment in unquoted TFCs of:

- Bank of Punjab (BOP)

- TPL Corp Limited (TPL)

	2023	2022
	Rupees	
	-	850,000,000
	-	100,000,000
	-	950,000,000

## 11. TRADE DEBTS

Gross receivables

Equity brokerage - secured

Equity brokerage - unsecured

Total Equity brokerage

Inter bank brokerage - unsecured

Advisory and consultancy fee - unsecured

Less: Provision for expected credit losses

Equity brokerage - secured

Inter bank brokerage - unsecured

Advisory and consultancy fee - unsecured

Note	2023	2022
	Rupees	
	199,931,616	99,582,853
	871,827,147	871,814,071
11.1	1,071,758,763	971,396,924
	27,816,750	24,129,003
	109,748,485	103,187,373
	1,209,323,998	1,098,713,300
	(871,827,147)	(871,814,071)
	(5,695,935)	(2,454,930)
	(72,109,948)	(58,306,081)
11.2	(949,633,030)	(932,575,082)
	259,690,968	166,138,218

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 11.1 Gross receivables - Equity brokerage

11.1.1 These receivables include Rs. 0.90 million (2022: Rs. 1.9 million) due from the 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).

11.1.2 The Holding Company holds capital securities having fair value of Rs. 75,027 million (2022: Rs. 64,334 million) owned by its clients, as collaterals against trade debts.

## 11.2 Movement in provision for expected credit losses

	Note	2023 ----- Rupees -----	2022 ----- Rupees -----
Balance at the beginning of the year		932,575,082	922,272,883
Charge for the year	28	24,688,276	10,302,199
Reversal during the year	29	(7,630,328)	-
Balance at the end of the year		<u>949,633,030</u>	<u>932,575,082</u>

## 12. RECEIVABLE AGAINST MARGIN FINANCING

	Note	2023 ----- Rupees -----	2022 ----- Rupees -----
Considered good		113,367,759	395,380,659
Considered doubtful		-	1,917,749
	12.1	<u>113,367,759</u>	<u>397,298,408</u>
Less: provision for doubtful receivables	12.2	-	(1,917,749)
		<u>113,367,759</u>	<u>395,380,659</u>

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

## 12.2 Provision for doubtful receivables

	2023 ----- Rupees -----	2022 ----- Rupees -----
As on July 01,	1,917,749	1,917,419
Reversal of provision during the year	(1,917,749)	-
As on June 30,	<u>-</u>	<u>1,917,419</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 13. ADVANCES, DEPOSITS AND PREPAYMENTS

### Advances

Advance to consultant  
Advance against expenses  
Advance against salary

### Trade deposits

Exposure deposit with National Clearing Company of Pakistan Limited (NCCPL)  
Exposure deposit with National Commodity & Derivatives Exchange Limited (NCEL)

### Prepayments

Insurance

Note	2023	2022
	Rupees	
	1,243,760	4,069,760
	3,037,496	3,293,300
	1,672,044	1,439,003
	<u>5,953,300</u>	<u>8,802,063</u>
	31,400,253	8,629,396
	2,676,723	1,722,053
	960,071	1,116,422
	<u>40,990,347</u>	<u>20,269,934</u>

13.1 This represents advance payment made to a consultant in respect of consultancy services on corporate finance projects.

13.2 This represents deposits held at the year end against exposure arising out of trading in securities in accordance with the regulations of National Clearing Company Pakistan Limited.

## 14. OTHER RECEIVABLES

Receivable from Javedan Corporation Limited - a related party:

- Proceeds from sale of investment property  
- Outstanding loan  
- Mark-up on loan

- Amount Receivable as proceeds from sale of investment property to REIT Scheme

Receivable against reverse repo arrangements  
Receivable from Director - Ahsan Mehanti  
Others

Note	2023	2022
	Rupees	
	5,126,734	5,126,734
14.1	352,000,000	-
14.1	2,071,785	10,192,861
	<u>359,198,519</u>	<u>15,319,595</u>
8.1.2	804,075,000	-
	108,796,620	115,089,608
	-	7,566,585
	1,939,445	3,085,072
	<u>1,274,009,584</u>	<u>141,060,860</u>

14.1 During the year, the Holding Company provided an unsecured financing facility of Rs. 1 billion to M/s. Javedan Corporation Limited 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 15. INVESTMENT IN SUBSIDIARY HELD FOR SALE

In its financial statements for the year ended June 30, 2022, the Holding Company had classified the investment in M/s. Arif Habib 1857 (Private) Limited as 'held for sale'. During the year, the Holding Company, accordingly, disposed off the said investment after obtaining the requisite approval from the members of the Holding Company in its 18th Annual General Meeting held on October 15, 2022. The total consideration received against the sale amounting to Rs. 50 million.

As on February 06, 2023, Holding Company sold its entire investment in Arif Habib 1857 (Private) Limited (AH1857) (Subsidiary Company), to a related party for a total consideration of PKR 50 million resulting in loss of control. Accordingly, results of the Subsidiary till the date of disposal are presented as discontinued operations.

### 15.1 Assets and liabilities of the disposal group classified as held for sale

	Note	2023	2022
		Rupees	
<b>Assets held for sale</b>			
Intangible asset	15.1.1	-	2,500,000
Long term deposits	15.1.2	-	4,924,355
Advance tax		-	2,873
Short term investment	15.1.3	-	22,800,000
Cash and bank balances	15.1.4	-	19,448,064
		-	49,675,292
<b>Liabilities held for sale</b>			
Taxes payable		-	313,247
Other liabilities		-	306,100
		-	619,347

15.1.1 This represents the Trading Right Entitlement Certificate received by the Subsidiary AH1857 in accordance with the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012. The said asset is being carried at cost less accumulated impairment losses.

15.1.2 This represents a deposit placed with Pakistan Stock Exchange Limited for trading activities.

### 15.1.3 Short term investment

	2023	2022
	Rupees	
Cost of investment	-	24,628,892
<b>Unrealised gain / (loss):</b>		
Balance as at July 01	-	(1,041,340)
Unrealised (loss) / gain for the year	-	(787,552)
	-	(1,828,892)
Balance as at June 30	-	22,800,000

### 15.1.4 Cash and bank balances

	2023	2022
	Rupees	
Cash at bank	-	19,448,064



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 15.1.5 Profit / (Loss) from discontinued operations

Profit for the year from discontinued operation - net of tax  
Loss on disposal of Subsidiary

Note	2023	2022
	----- Rupees -----	
	2,575,645	2,056,844
	(1,631,589)	-
15.1.5.1	<u>944,056</u>	<u>2,056,844</u>

## 15.1.5.1 Results of AH1857

Operating revenue  
Commission income  
Markup on corporate debt securities

Administrative and operating expenses  
Fees paid to PSX & SECP  
Internet expenses  
Unrealized loss on short term investment  
Audit fees  
CDC charges  
Legal expenses

Other operating income  
Profit on savings accounts  
Profit from exposure deposits

Profit before taxation  
Taxation  
Profit for the Period

Cash flow used in / (generated from) AH1857  
Net cash generated from / (used in) operating activities  
Net cash generated from investing activities  
Net cash generated from financing activities

	2023	2022
	----- Rupees -----	
	-	1,168
	2,024,820	2,636,732
	<u>2,024,820</u>	<u>2,637,900</u>
	(5,686)	(66,493)
	-	(116,550)
	-	(787,552)
	(60,000)	(60,000)
	-	(12,838)
	(60,000)	(100,000)
	<u>(125,686)</u>	<u>(1,143,433)</u>
	1,335,617	713,916
	110,243	698,086
	<u>1,445,860</u>	<u>1,412,002</u>
	3,344,994	2,906,469
	(769,349)	(849,625)
	<u>2,575,645</u>	<u>2,056,844</u>
	2,711,299	3,942,018
	-	11,583,145
	-	-
	<u>2,711,299</u>	<u>15,525,163</u>

## 16. CASH AND BANK BALANCES

Cash in hand  
Cash held in central depository company

Cash at bank  
- current accounts  
- savings accounts

Note	2023	2022
	----- Rupees -----	
	733,779	687,719
	6,674,187	4,244,693
	146,349,940	143,137,918
16.1	<u>849,374,323</u>	<u>926,639,272</u>
16.2	995,724,263	1,069,777,190
	<u>1,003,132,229</u>	<u>1,074,709,602</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

- 16.1 The return on these balances is 10% to 19% (2022: 6% to 14%) per annum on daily product basis.
- 16.2 Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 946.286 million (2022: Rs. 986.95 million).

## 17. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023 ----- (Number of shares) -----		2022 ----- (Number of shares) -----	
75,000,000	75,000,000	Authorized capital	
		Ordinary shares of Rs. 10/- each	
		Issued, subscribed and paid up capital	
		Ordinary shares of Rs. 10/- each	
10,800,000	10,800,000	Issued for cash	
54,540,000	54,540,000	Issued as bonus shares	
65,340,000	65,340,000		

- 17.1 As of June 30, 2023, the Parent Company held 47,648,522 (2022: 45,370,472) ordinary shares of Rs. 10 each.
- 17.2 There is only one class of ordinary shares.
- 17.3 There are no agreements among shareholders in respect of voting rights, board selection, rights of first refusal, and block voting.

## 18. SURPLUS ON REVALUATION OF PROPERTY

In the year 2015, the Holding Company reclassified leasehold offices to investment property. Accordingly, surplus on revaluation of properties was recognized in accordance with IAS 40 "Investment Property". During the year, the Holding Company sold office premise due to which surplus amount to Rs. 7.597 million transferred to retained earning.

## 19. DEFERRED TAX - net

*Deferred tax (asset) / liability in respect of:*

- Capital loss on short term investments
- Other temporary differences

- Capital loss on short term investments not recognised during the year
- Net Deferred tax asset recognised

Note	2023 ----- Rupees -----	2022 ----- Rupees -----
	(125,485,080)	(53,286,891)
19.1	69,149,530	26,704,649
	(56,335,550)	(26,582,242)
19.2	125,485,080	53,286,891
	69,149,530	26,704,649

## 19.1 Deferred tax in respect of other temporary differences

- Deferred tax liabilities recognized
- Deferred tax asset recognized

Note	2023 ----- Rupees -----	2022 ----- Rupees -----
19.1.1	79,212,293	44,347,288
19.1.2	(10,062,763)	(17,642,639)
	69,149,530	26,704,649

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 19.1.1 Deferred tax liabilities

Accelerated depreciation  
Right-of-use assets  
Long term investment  
Investment property

	2023	2022
	----- Rupees -----	
	6,437,721	9,122,269
	661,103	9,441,203
	-	-
	72,113,469	25,783,816
	<u>79,212,293</u>	<u>44,347,288</u>

## 19.1.2 Deferred tax assets

Intangible assets  
Long term investment  
Provision for doubtful debts and other receivables  
Turnover tax  
Lease liability  
Deferred tax assets available for recognition

	2023	2022
	----- Rupees -----	
	6,491,468	6,815,000
	-	4,594,038
	-	556,147
	2,693,368	-
	877,927	5,677,454
	<u>10,062,763</u>	<u>17,642,639</u>

## 19.2 Deferred tax in respect of capital loss on short term investments

Deferred tax asset amounting to Rs. 125.485 million (2022: Rs. 53.286 million) has not been recognized in respect of the realized and unrealized capital losses on short term investments amounting to Rs. 919.549 (2022: Rs. 426.3 million) million because it is not probable that future capital gain on securities will be available against which the Holding Company can use the benefits therefrom.

## 20. SHORT TERM BORROWINGS

From banking companies  
- Running finance

From related parties

- Financing facility from Javedan Corporation Limited  
- Financing facility from the Parent Company  
- Financing facility from the sponsor

Note	2023	2022
	----- Rupees -----	
20.1	1,617,785,680	1,631,969,617
20.2	-	800,000,000
20.3	-	-
20.4	-	-
	-	800,000,000
	<u>1,617,785,680</u>	<u>2,431,969,617</u>

### 20.1 Running finance arrangements from banking companies - secured

20.1.1 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 6,250 million (2022: Rs. 6,250 million). These facilities have various maturity dates up to April 22, 2024 (2022: September 30, 2024). These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.5% to 1.0%, 3 month KIBOR + 0.50% to 1.5% (2022: 1 month KIBOR + 0.5% to 1.0%, 3 month KIBOR + 0.50% to 1.5%) calculated on a daily product basis that is payable quarterly.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

- 20.1.2 Fair value of shares pledged with banking companies against various short term running finance facilities and bank guarantees as at June 30, 2023 amounted to Rs. 6,602.82 million (2022: Rs. 6,612.99 million). Total value of securities pledged with financial institutions, indicating separately securities belonging to customers, is as under:

	June 30, 2023		June 30, 2022	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Clients	118,700,000	4,730,847,000	123,850,000	4,681,530,000
House	134,088,000	1,871,972,795	66,927,500	1,931,461,325
Total	252,788,000	6,602,819,795	190,777,500	6,612,991,325

- 20.2 Financing facility from Javedan Corporation Limited - unsecured

	2023	2022
	Rupees	
Opening balance	800,000,000	-
Add: Finance obtained during the year	750,000,000	1,780,000,000
Less: Repayments made during the year	(1,550,000,000)	(980,000,000)
Closing balance	-	800,000,000

- 20.2.1 The Holding Company obtained an unsecured financing facility of Rs. 2 billion from M/s. Javedan Corporation Limited to finance its working capital requirements. The loan is repayable within 30 days of notice of demand and carries interest at the rate of 3 month KIBOR + 1.75% (payable quarterly).

- 20.3 Financing facility from the Parent Company

	2023	2022
	Rupees	
Opening balance	-	-
Add: Finance obtained during the year	-	650,000,000
Less: Repayments made during the year	-	(650,000,000)
Closing balance	-	-

- 20.3.1 Financing facility of Rs. 2.2 billion is available from M/s. Arif Habib Corporation Limited to finance its working capital requirements. The loan was repayable within 30 days of notice of demand and carried interest at the rate of 3 month KIBOR + 1% (payable quarterly).

- 20.4 Financing facility from the Sponsor

	2023	2022
	Rupees	
Opening balance	-	-
Add: Finance obtained during the year	-	-
Less: Repayments made during the year	2,412,700,000	-
Closing balance	(2,412,700,000)	-

- 20.4.1 During the year, Holding Company obtained unsecured financing facility of Rs. 2.2 billion from sponsor M/s. Arif Habib which is payable on demand. It carried interest at the rate of 3 month KIBOR + 1%.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 21. TRADE AND OTHER PAYABLES

Creditors
Commission payable
Future profit withheld
Accrued expenses
Advance from customers
Withholding tax payable
Sindh sales tax and federal excise duty payable
Advance against committed sale of investment property
Payable against reverse repo transaction
Other liabilities

Note	2023	2022
	Rupees	
21.1	876,647,522	950,924,065
21.2	22,477,749	28,573,207
	6,566,721	1,274,153
	20,359,414	24,421,107
	-	4,252,568
	24,101,999	33,155,905
	934,324	17,202,489
21.3	9,000,000	9,000,000
21.4	17,629,267	33,629,267
	6,134,284	4,515,403
	<u>983,851,280</u>	<u>1,106,948,164</u>

21.1 This includes Rs. 60.85 million (2022: Rs. 109.45 million) payable to related parties.

21.2 This includes Rs. 12.82 million (2022: Rs. 23.9 million) payable to related parties.

### 21.3 Advance for committed sale of investment property

Advance received from:  
- Mr. Safi Ullah

Note	2023	2022
	Rupees	
21.3.1	9,000,000	9,000,000
	<u>9,000,000</u>	<u>9,000,000</u>

21.3.1 This represents advance received 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. 43.688 million. The sale will be executed after receiving of total amount of Rs. 43.688 million. Since the Company is committed to sell the plots at Rs. 43.688 million, the fair value of these plots as at June 30, 2023 would be recognized equal to the said sale consideration. However, the agreement expired on March 31, 2023 and no further amount received by the Holding Company therefore these plots are revalued as at June 30, 2023.

21.4 This represents amount payable to M/s. Masood Fabrics and M/s. Mehmood Textiles 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.

## 22. TAXATION - net

Note	2023	2022
	Rupees	
22.1	(15,111,277)	70,702,735

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 22.1 Movement for the year

	Note	2023	2022
		Rupees	
As at July 01,		70,702,735	201,172,500
Charge for the year			
- current year		133,617,113	147,408,494
- prior year	23.1.2	(8,093,592)	(30,053,595)
Charge for the year - discontinued operations	15.1.5.1	125,523,521	117,354,899
Taxes paid during the year		-	849,625
As at June 30,	22.2	(211,337,533)	(248,674,289)
		(15,111,277)	70,702,735

## 22.2 This includes provision for super tax amounting to Rs. 78.01 million (2022: Rs. 86.909 million).

The Holding Company 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 Holding Company has not paid any Super tax accordingly. The said stay is still in force and the Holding Company has recorded a provision till tax year 2018.

The Holding Company 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.

The Holding Company 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 its 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 the Holding Company has made the required deposit.

## 23. CONTINGENCIES AND COMMITMENTS

### 23.1 Contingencies

#### 23.1.1 Contingent liability existing as at the reporting date

The Holding Company 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. The Holding Company filed an appeal against the impugned order in the appropriate forums and, accordingly, a stay was granted to the Holding Company 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. The Holding Company's legal counsel is of the view that the Holding Company has a favorable case based on merit. Accordingly, the Holding Company has not made any provision of the said amount in these consolidated financial statements.

#### 23.1.2 Previously reported contingent liabilities that were resolved during the year

As disclosed in note 24.1.2 of the consolidated financial statements of 2022, the tax authorities issued notices to the Holding Company under Section 4B and framed impugned orders for the recovery of super tax for each of the relevant tax years by amending the assessment orders (Orders) by reclassifying company's brokerage income which is since long assessed as its business income as Income from Other Sources for the purpose of calculating super tax u/s 4B and creating impugned demand over and above that



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

computable under Section 4B by an aggregate amount of Rs. 33.72 million for the tax years 2018 and 2019. The Holding Company filed appeal against the impugned demand before the Commissioner Inland Revenue (Appeals). During the year, the CIR (Appeals) decided the issue of computation of super tax in favour of the Holding Company and accordingly the demanded income tax has been deleted.

## 23.2 Commitments

Following commitments were outstanding as at the reporting date:

- Outstanding settlements against Margin Trading contracts
- Outstanding settlements against sale / purchase of securities in regular market - net
- Financial guarantees given by commercial banks on behalf of the Company
- Against purchase of investment property
- Against development cost of investment property

	2023	2022
	----- Rupees -----	
	226,651,180	372,222,968
	151,314,528	277,978,515
	750,000,000	750,000,000
	75,000,000	312,057,120
	-	110,034,327

## 24. OPERATING REVENUE

Equity brokerage revenue  
Inter bank brokerage revenue  
Commodity brokerage revenue  
Advisory and consultancy fee  
Markup on margin financing  
Dividend income on investment in equity securities  
Markup on corporate debt securities

	2023	2022
	----- Rupees -----	
	354,804,313	422,098,484
	116,066,254	94,638,538
	37,908,326	27,103,130
	343,499,284	408,342,385
	63,294,214	51,955,294
	340,651,522	141,682,795
	275,870,361	12,774,497
	1,532,094,274	1,158,595,123

## 25. NET CHANGE IN UNREALIZED GAIN/(LOSS) ON INVESTMENTS

Long term investments  
Short term investments

	2023	2022
	----- Rupees -----	
	264,508,644	(12,009,348)
	(3,379,440)	(451,618,631)
	261,129,204	(463,627,979)

10.1 & 10.2

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 26. NET CHANGE IN UNREALIZED GAIN / (LOSS) ON INVESTMENT PROPERTY

Increase in fair value of open plots / offices held at year end  
Less: Decrease in unrealized gain upon sale

Note	2023	2022
	Rupees	
	254,106,447	646,212,860
26.1	(1,270,875,827)	(575,000,000)
	<u>(1,016,769,380)</u>	<u>71,212,860</u>

26.1 This represent the unrealized gain previously recognized (i.e. as at June 30, 2022) in relation to 5 commercial plots sold during the year to M/s. Rahat Residency REIT (refer also note 8.1.2 to these consolidated financial statements).

## 27. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries and other benefits  
Motor vehicle and travelling expense  
CDC and clearing house charges  
Building maintenance  
Depreciation on right-of-use assets  
Depreciation on property and equipment  
Man power services  
Communication  
Legal and professional charges  
Insurance  
Repairs and maintenance  
Fees and subscription  
Printing and stationery  
Business representation  
Rent, rates and taxes  
Auditors' remuneration  
Advertisement and business promotion  
Conveyance and meals  
Meeting expenses  
Amortization on intangible assets  
Donation  
Settlement against NFL  
Others

Note	2023	2022
	Rupees	
27.1	341,896,891	329,137,349
	52,236,500	51,947,473
	22,729,016	26,818,604
	43,783,047	25,375,242
5	29,134,843	21,886,804
4	17,824,555	19,369,660
27.4	25,192,644	23,800,000
	26,725,059	23,967,901
	3,300,700	12,557,584
	11,014,265	12,374,382
	7,262,623	11,241,056
	21,555,848	9,621,111
	4,462,462	7,599,862
	6,197,559	4,797,947
	867,191	5,182,155
27.2	2,615,000	2,290,000
	5,374,572	4,371,395
	4,201,893	1,101,284
	1,500,000	450,000
6.1	371,876	495,834
27.3	3,382,000	-
	-	9,246,104
	13,867,563	8,049,836
	<u>645,496,107</u>	<u>611,681,583</u>

### 27.1 Salaries and other benefits

Salaries and other benefits  
Commission & Bonus

Note	2023	2022
	Rupees	
27.1.1	198,351,847	198,898,760
	143,545,044	130,238,589
	<u>341,896,891</u>	<u>329,137,349</u>

27.1.1 Salaries and benefits include Rs. 10.66 million (2022: Rs. 10.530 million) in respect of provident fund contribution.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 27.2 Auditors' remuneration

Annual audit fee  
Half yearly review  
Review of compliance with Code of Corporate Governance  
Other certifications

	2023	2022
	----- Rupees -----	
	1,650,000	1,400,000
	400,000	310,000
	200,000	200,000
	365,000	380,000
	<u>2,615,000</u>	<u>2,290,000</u>

## 27.3 Donation

None of the directors or their spouse had any interest in the donees. Further, the particulars of the parties to whom donation paid exceeds Rs. 1 million or 10% of the total donation, whichever is higher, are as follows:

Momina & Duraid Foundation  
Ali Afzal & Mian Muhammad Afzal  
Ali Hassan Mangi Memorial Trust  
Others

	2023	2022
	----- Rupees -----	
	1,500,000	-
	1,000,000	-
	500,000	-
	382,000	-
	<u>3,382,000</u>	<u>-</u>

27.4 These represent charges paid to M/s. Arif Habib Consultancy (Private) Limited, a related party, in respect of recruitment services obtained for providing senior and highly qualified consultants to lead the Company's investment banking department.

## 28. OTHER CHARGES

Provision for expected credit losses on trade debts  
Irrecoverable trade debt written off  
Other receivable written off

	2023	2022
Note	----- Rupees -----	
	24,688,276	10,302,199
	271,544	1,977,882
	1,900,073	-
	<u>26,859,893</u>	<u>12,280,081</u>

## 29. OTHER OPERATING INCOME

Markup on reverse repo transaction  
Markup on loan to related party  
Markup on margin trading deposits  
Profit on savings accounts  
Profit on exposure deposit  
Gain on termination of lease  
Reversal of provision of bad debt  
Reversal of provision of margin financing

	2023	2022
Note	----- Rupees -----	
	13,524,000	28,364,241
	2,071,785	10,192,861
	1,644,685	1,728,443
	84,983,744	46,898,629
	6,372,427	5,721,353
	144,302	-
11.2	7,630,328	-
12.2	1,917,749	-
	<u>118,289,020</u>	<u>92,905,527</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 30. FINANCE COSTS

Markup on short term borrowings  
Other finance costs

Note	2023	2022
	Rupees	
30.1	617,158,325	172,993,518
30.2	20,728,580	24,176,538
	<u>637,886,905</u>	<u>197,170,056</u>

## 30.1 Markup on short term borrowings

Markup on borrowing from banking companies

Markup on borrowing from related parties:  
- M/s. Javedan Corporation Limited  
- M/s. Arif Habib Corporation Limited  
- Mr. Arif Habib

	2023	2022
	Rupees	
Markup on borrowing from banking companies	349,760,306	149,703,608
Markup on borrowing from related parties:		
- M/s. Javedan Corporation Limited	246,267,157	20,190,189
- M/s. Arif Habib Corporation Limited	-	3,099,721
- Mr. Arif Habib	21,130,862	-
	<u>267,398,019</u>	<u>23,289,910</u>
	<u>617,158,325</u>	<u>172,993,518</u>

## 30.2 Other finance costs

Finance cost on lease liability  
Markup on MTS securities  
Bank charges  
Guarantee charges to Parent Company

	2023	2022
	Rupees	
Finance cost on lease liability	916,144	3,014,485
Markup on MTS securities	1,715,421	3,604,503
Bank charges	15,216,100	14,401,616
Guarantee charges to Parent Company	2,880,915	3,155,934
	<u>20,728,580</u>	<u>24,176,538</u>

## 31. TAXATION

Current tax  
- for the year  
- for prior year

Deferred

	2023	2022
	Rupees	
Current tax		
- for the year	133,617,113	147,408,494
- for prior year	(8,093,592)	(30,053,595)
	<u>125,523,521</u>	<u>117,354,899</u>
Deferred	42,444,881	26,704,649
	<u>167,968,402</u>	<u>144,059,548</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 31.1 Relationship between tax expense and accounting profit

Profit before taxation

Tax at the applicable rate of 29% (2022: 29%)

Tax effect of:

- income under Presumptive Tax Regime
- income under Minimum Tax Regime
- exempt income / permanent differences
- realized and unrealized capital losses on short term investments
- unrealized capital loss on long term investment
- unrealized capital gain on investment property
- prior year charge
- super tax under section 4C of Income Tax Ordinance, 2001
- tax on deemed income under section 7E of Income Tax Ordinance, 2001
- other miscellaneous items

	2023	2022
	----- Rupees -----	
Profit before taxation	348,158,218	968,305,954
Tax at the applicable rate of 29% (2022: 29%)	100,965,883	280,808,727
Tax effect of:		
- income under Presumptive Tax Regime	(49,185,051)	(19,903,755)
- income under Minimum Tax Regime	46,925,872	9,697,790
- exempt income / permanent differences	(365,849,740)	(272,600,000)
- realized and unrealized capital losses on short term investments	145,368,956	133,767,282
- unrealized capital loss on long term investment	-	(1,111,327)
- unrealized capital gain on investment property	269,079,304	5,132,087
- prior year charge	(8,093,592)	(30,053,595)
- super tax under section 4C of Income Tax Ordinance, 2001	23,152,759	17,151,853
- tax on deemed income under section 7E of Income Tax Ordinance, 2001	2,020,000	16,573,313
- other miscellaneous items	3,584,011	4,597,173
	<u>167,968,402</u>	<u>144,059,548</u>

31.2 Except for the matters disclosed in note 23.1, income tax assessments of the Holding Company & subsidiary 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.

## 32. EARNINGS PER SHARE - BASIC AND DILUTED

### 32.1 Basic earnings per share

Profit after taxation

Weighted average number of ordinary shares outstanding during the year

Earnings per share - basic

	2023	2022
	----- Rupees -----	
Profit after taxation	181,133,872	826,303,250
Weighted average number of ordinary shares outstanding during the year	<u>65,340,000</u>	<u>65,340,000</u>
Earnings per share - basic	<u>2.77</u>	<u>12.65</u>

### 32.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Group, since there were no potential ordinary shares in issue as at June 30, 2023 and June 30, 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting year as shown in the consolidated statement of cash flows are reconciled to the related items in the consolidated statement of financial position as follows:

	2023	2022
Note	----- Rupees -----	----- Rupees -----
Cash and bank balances	16 1,003,132,229	1,074,709,602
Bank balance included in the disposal group held for sale	15.1.4 -	19,448,064
Short term borrowings from banking companies - running finance	20 (1,617,785,680)	(1,631,969,617)
	<u>(614,653,451)</u>	<u>(537,811,951)</u>

## 34. RELATED PARTY TRANSACTIONS AND BALANCES

34.1 Related parties comprise of group companies (the Parent Company, fellow subsidiary and the subsidiaries), key management personnel and directors of the Holding Company and the Ultimate Parent Company (as well as their close family members), and the staff provident fund. Remuneration of the Chief Executive and Directors is disclosed in note 35 to these consolidated financial statements. Transactions entered into, and balances held with, related parties during the year, are as follows:

### PARENT COMPANY

#### Arif Habib Corporation Limited

##### Transaction during the year

	2023	2022
	----- Rupees -----	----- Rupees -----
Brokerage commission earned on sale and purchase of securities	5,217,272	6,403,011
Loan obtained	-	650,000,000
Loan repaid	-	650,000,000
Markup expense on loan received during the year	-	3,099,721
Guarantee charges	2,880,915	3,155,934

##### Balances at the year end

Trade receivable at year end	35,692	97,724
Guarantee charges payable	688,306	904,262

### KEY MANAGEMENT PERSONNEL

#### Zafar Alam (Chairman of the Holding Company)

##### Transaction during the year

Brokerage commission earned on sale and purchase of securities	77,818	189,239
--	--------	---------

##### Balances at the year end

Trade payable at year end	3,726	52,721
---------------------------	-------	--------



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

	2023	2022
	----- Rupees -----	
<b>Muhammad Shahid Ali (CEO of the Holding Company)</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	9,867,252	9,842,849
<i>Balances at the year end</i>		
Trade payable at year end	60,409,046	108,175,990
<b>Muhammad Haroon (Director of the Holding Company)</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	283,438	414,630
<i>Balances at the year end</i>		
Trade payable at year end	302,869	24,876
<b>Muhammad Sohail Salat (Director of the Holding Company)</b>		
<i>Balances at the year end</i>		
Trade receivable at year end	1,199	599
<b>Sharmin Shahid (Director of the Holding Company)</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	102,551	1,087,016
<i>Balances at the year end</i>		
Trade receivable at year end	4,186	4,283
<b>Nida Ahsan (Director of the Holding Company)</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	1,040,280	706,454
<i>Balances at the year end</i>		
Trade payable at year end	24,641	-
Trade receivable at year end	684	7,928
<b>Mohsin Madni (Director of the Holding Company)</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	15,652	12,253
<i>Balances at the year end</i>		
Trade payable at year end	109,517	485
<b>Ahsan Mehanti (Director of the Subsidiary Company)</b>		
<i>Transaction during the year</i>		
Loan adjusted against receivable	-	3,862,500
Commission paid	-	12,732,444
Commission	11,623,142	-
Commission adjusted against receivable	8,150,170	-
<i>Balances at the year end</i>		
Receivable	-	7,566,585
Loan receivable	-	137,500
Commission Payable	3,472,972	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL

### Arif Habib

#### Transaction during the year

Brokerage commission earned on sale and purchase of securities	2,891,069	6,534,591
Loan obtained	2,412,700,000	-
Loan repaid	2,412,700,000	-
Markup on loan charged during the year	21,130,862	-

#### Balances at the year end

Trade receivable at year end	23,238	51,962
Mark-up payable	4,723,973	-

### Abdus Samad A. Habib

#### Transaction during the year

Brokerage commission earned on sale and purchase of securities	666,540	683,323
--	---------	---------

#### Balances at the year end

Trade receivable at year end	576,799	1,667,893
------------------------------	---------	-----------

### Muhammad Kashif A. Habib

#### Transaction during the year

Brokerage commission earned on sale and purchase of securities	54,876	-
--	--------	---

#### Balances at the year end

Trade receivable at year end	-	12,666
Trade payable at year end	1,879	-

## OTHER RELATED PARTIES

### Javedan Corporation Limited

#### Transaction during the year

Brokerage commission earned on sale and purchase of securities	566,918	322,500
Sale of investment property	-	1,410,000,000
Loan provided	352,000,000	380,000,000
Loan recovered	-	380,000,000
Mark-up recovered	10,192,861	-
Loan obtained	750,000,000	1,780,000,000
Loan repaid	1,550,000,000	980,000,000
Markup income on loan provided during the year	2,071,785	10,192,861
Markup expense on loan received during the year	246,267,157	20,190,189
Development charges paid	-	6,823,473

#### Balances at the year end

Trade receivable at year end	244,692	80,000
Receivable against sale of investment property	5,126,734	5,126,734
Loan payable	-	800,000,000
Loan receivable	352,000,000	-
Mark-up receivable	2,071,785	10,192,861
Mark-up payable	-	3,144,411

	2023	2022
	----- Rupees -----	
<b>Arif Habib</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	2,891,069	6,534,591
Loan obtained	2,412,700,000	-
Loan repaid	2,412,700,000	-
Markup on loan charged during the year	21,130,862	-
<i>Balances at the year end</i>		
Trade receivable at year end	23,238	51,962
Mark-up payable	4,723,973	-
<b>Abdus Samad A. Habib</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	666,540	683,323
<i>Balances at the year end</i>		
Trade receivable at year end	576,799	1,667,893
<b>Muhammad Kashif A. Habib</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	54,876	-
<i>Balances at the year end</i>		
Trade receivable at year end	-	12,666
Trade payable at year end	1,879	-
<b>OTHER RELATED PARTIES</b>		
<b>Javedan Corporation Limited</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	566,918	322,500
Sale of investment property	-	1,410,000,000
Loan provided	352,000,000	380,000,000
Loan recovered	-	380,000,000
Mark-up recovered	10,192,861	-
Loan obtained	750,000,000	1,780,000,000
Loan repaid	1,550,000,000	980,000,000
Markup income on loan provided during the year	2,071,785	10,192,861
Markup expense on loan received during the year	246,267,157	20,190,189
Development charges paid	-	6,823,473
<i>Balances at the year end</i>		
Trade receivable at year end	244,692	80,000
Receivable against sale of investment property	5,126,734	5,126,734
Loan payable	-	800,000,000
Loan receivable	352,000,000	-
Mark-up receivable	2,071,785	10,192,861
Mark-up payable	-	3,144,411

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

	2023	2022
	----- Rupees -----	
<b>Arif Habib Dolmen REIT Management Limited</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	-	516,000
<i>Balances at the year end</i>		
Trade receivable at year end	-	10,556
Trade payable at year end	44	-
<b>Rotocast Engineering Co. (Pvt) Limited</b>		
<i>Transaction during the year</i>		
Rent paid	27,815,558	39,194,649
Brokerage commission earned on sale and purchase of securities	284,286	616,807
<i>Balances at the year end</i>		
Prepaid rent	-	746,370
Trade receivable at year end	13,978	4,194
<b>Globe Residency REIT</b>		
<i>Transaction during the year</i>		
Units purchased during the year	37,328,140	-
Amount paid against purchase of residential flats	183,806,134	64,942,880
Revenue earned	829,829	-
<i>Balances at the year end</i>		
Advance against committed sale of investment property	248,749,014	64,942,880
<b>Signature Residency REIT</b>		
<i>Transaction during the year</i>		
Advance given for the purchase of units	133,298,960	-
<i>Balances at the year end</i>		
Units receivable of REIT	133,298,960	-
<b>Naya Nazimabad Apartment REIT</b>		
<i>Transaction during the year</i>		
Units purchased during the year	278,000,000	-
<b>Arif Habib Equity (Private) Limited</b>		
<i>Transaction during the year</i>		
Brokerage commission earned on sale and purchase of securities	1,882,801	826,625
<i>Balances at the year end</i>		
Trade receivable at year end	-	20,208
Trade payable at year end	7,895,397	-
<b>Arif Habib Provident Fund Trust</b>		
<i>Transaction during the year</i>		
Contribution paid during the year	10,658,679	10,530,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

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

The aggregate amounts charged in these unconsolidated financial statements for remuneration, including certain benefits to Chief Executive, Directors and executives of the Holding Company, are as follows:

	Chief Executive		Directors		Other Executives	
	2023	2022	2023	2022	2023	2022
	----- Rupees -----					
Managerial remuneration	12,231,376	12,199,720	-	-	92,863,729	56,515,530
Contribution to provident fund	1,403,124	1,403,124	-	-	4,774,066	3,224,972
Medical allowance	480,000	480,000	-	-	4,030,316	2,526,969
Bonus / Fee	30,351,382	33,691,237	1,200,000	425,000	48,992,121	26,471,557
	<u>44,465,882</u>	<u>47,774,081</u>	<u>1,200,000</u>	<u>425,000</u>	<u>150,660,232</u>	<u>88,739,028</u>
Number of persons	<u>2</u>	<u>2</u>	<u>5</u>	<u>5</u>	<u>25</u>	<u>12</u>

## 36. FINANCIAL INSTRUMENTS

### 36.1 Financial risk analysis

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (foreign currency risk, price risk and interest/mark-up rate risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Group consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Group's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

#### 36.1.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. 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 ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

##### Exposure to credit risk

Credit risk of the Group mainly arises from deposits with banks and financial institutions, trade debts, receivable against margin financing, short term loans, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Group has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Group's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience, obtain authorized approvals and arrange for necessary collaterals in the form of equity securities to reduce credit risks and other factors. These collaterals are subject to market risk which ultimately affects the recoverability of debts. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

The Group's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors.

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, are detailed as follows:

	Note	2023 Rupees	2022 Rupees
Long term investment (Debt instrument - at fair value through profit or loss)		1,054,065,880	-
Long-term advances and deposits		507,191,772	30,963,740
Short term investment in corporate debt securities		88,544,078	1,021,702,293
Trade debts	(a) & (b)	259,690,968	166,138,218
Receivable against margin financing		113,367,759	395,380,659
Receivable under margin trading system		11,679,177	9,233,629
Exposure deposit with NCCPL		31,400,253	8,629,396
Exposure deposit with NECL		2,676,723	1,722,053
Accrued markup on margin financing		21,527,045	21,480,959
Receivable against trading of securities - net		77,192,508	-
Other receivables		1,274,009,584	141,060,860
Bank balances		995,724,263	1,069,777,190
		<u>4,437,070,010</u>	<u>2,866,088,997</u>

(a) Trade debts were due from local clients.

(b) The Holding Company held equity securities having fair value of Rs. 75,027 million (2022: Rs. 64,334 million) owned by its clients, as collaterals against trade debts - brokerage and operating.

	2023		2022	
	Gross Carrying Amount	Provision for expected credit losses	Gross Carrying Amount	Provision for expected credit losses
	----- Rupees -----			
Not past due	6,487,822	-	8,038,852	-
Past due 1 day - 30 days	67,877,119	31,132	110,099,223	31,170
Past due 31 days - 180 days	82,659,599	3,875,011	17,918,373	1,542,467
Past due 181 days - 365 days	114,801,087	2,072,503	11,782,985	2,744,093
More than a year	937,498,371	943,654,384	950,873,867	928,257,352
	<u>1,209,323,998</u>	<u>949,633,030</u>	<u>1,098,713,300</u>	<u>932,575,082</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

No impairment has been recognized except as disclosed in respect of these debts as the security against the same is adequate or counter parties have sound financial standing.

The credit quality of Group's liquid funds can be assessed with reference to external credit ratings as follows:

Banks / other institutions	Short term rating	Credit rating agency	2023	2022
			----- Rupees -----	
Allied Bank Limited	A-1+	PACRA	13,966,572	37,556,467
Askari Bank Limited	A-1+	PACRA	71,035,904	53,669,159
Bank Al-Falah Limited	A-1+	PACRA	12,233,137	582,370
Bank Al-Habib Limited	A-1+	PACRA	281,504,567	168,886,195
Bank Islami Pakistan Limited	A-1	PACRA	31,312	31,282
Bank of Khyber	A-1	PACRA	2,187,652	2,028,432
Bank of Punjab	A-1+	PACRA	1,397,745	257,741,755
Dubai Islamic Bank Limited	A-1+	VIS	56,905,607	5,716,534
Faysal Bank Limited	A-1+	PACRA	1,099,736	1,175,740
Habib Bank Limited	A-1+	VIS	19,893,653	51,859,907
Habib Metropolitan Bank Limited	A-1+	PACRA	118,221,456	142,904,409
JS Bank Limited	A-1+	PACRA	4,864,748	4,031,582
MCB Bank Limited	A-1+	PACRA	48,236,518	48,404,444
Meezan Bank Limited	A-1+	VIS	268,696,399	128,397,491
National Bank of Pakistan	A-1+	PACRA	8,476,648	83,130,931
Silk Bank Limited	A-2	VIS	14,209	12,934
Sindh Bank Limited	A-1	VIS	53,154,420	37,727,118
Soneri Bank Limited	A-1+	PACRA	8,128,443	3,738,911
Summit Bank Limited	-	-	11,433,734	27,952,111
United Bank Limited	A-1+	VIS	14,241,803	14,229,418
Central Depository Company	-	-	6,674,187	4,244,693
			<u>1,002,398,450</u>	<u>1,074,021,883</u>

Due to the Group's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. Accordingly, the credit risk is minimal.

The Group writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

## 36.1.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Group finances its operations through equity and borrowings with a view to 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.

On the reporting date, the Holding Company had cash and bank balance amounting to Rs. 995.724 million (2022: Rs. 1,069.777 million) unutilized credit lines Rs. 10,332 million (2022: Rs. 6,318 million) and liquid assets in the form of short term securities amounting to Rs. 2,849.796 million (2022: Rs. 4,322.505 million).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

The following are the contractual maturities of financial liabilities, including estimated interest payments (except interest payments on short term borrowings and loan from a related party):

	June 30, 2023					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	----- Rupees -----					
<b>Financial liabilities</b>						
Lease liability	3,027,336	6,032,839	1,365,978	1,430,423	3,236,438	-
Running finance arrangements from banking companies (including accrued markup)	1,701,638,514	1,701,638,514	1,701,638,514	-	-	-
Trade and other payables	949,814,957	949,814,957	949,814,957	-	-	-
	<u>2,654,480,807</u>	<u>2,657,486,310</u>	<u>2,652,819,449</u>	<u>1,430,423</u>	<u>3,236,438</u>	<u>-</u>

	June 30, 2022					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	----- Rupees -----					
<b>Financial liabilities</b>						
Lease liability	19,577,429	21,712,058	15,898,117	2,098,343	3,715,598	-
Running finance arrangements from banking companies (including accrued markup)	1,707,033,961	1,707,033,961	1,707,033,961	-	-	-
Financing facility from Javedan Corporation Limited	800,000,000	800,000,000	800,000,000	-	-	-
Trade and other payables	1,043,337,202	1,043,337,202	1,043,337,202	-	-	-
Payable against purchase of securities - net	21,078,278	21,078,278	21,078,278	-	-	-
	<u>3,591,026,870</u>	<u>3,593,161,499</u>	<u>3,587,347,558</u>	<u>2,098,343</u>	<u>3,715,598</u>	<u>-</u>

## 36.1.3 Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risks: foreign currency risk, price risk and interest rate risk. The market risks associated with the Group's business activities are discussed as under:

### i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As of the reporting date, the Group was not exposed to currency risk since there were no foreign currency transactions and balances at the reporting date.

### ii) 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. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 7.5% or Rs. 1 whichever is higher. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Group manages price risk by monitoring the exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the Group to incur significant mark-to-market and credit losses. As of the reporting date, the Holding Company was exposed to price risk since it had investments in quoted securities amounting to Rs. 2,849.795 million (2022: Rs. 4,322.5 million) and also because the Holding Company held collaterals in the form of equity securities against their debtor balances.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

The carrying value of investments subject to price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and consequently the amount realized 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, the amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

The Group's portfolio of short term investments is broadly diversified so as to mitigate the significant risk of decline in prices of securities in particular sectors of the market.

Analysis of short term investment in quoted equity securities by business sector is as follows:

	June 30, 2023		June 30, 2022	
	(Rupees)	%	(Rupees)	%
Engineering	4,089,500	0.15%	265,713,469	9.62%
Food & Personal Care Products	5,312,700	0.19%	195,210,740	7.07%
Oil & Gas	-	0.00%	1,357,586,064	49.17%
Sugar & Allied Industries	5,766,425	0.21%	5,766,425	0.21%
Textile Composite	-	0.00%	50,000,000	1.81%
Fertilizer	1,378,427,153	49.92%	995,863,151	36.07%
Commercial Bank	621,724,657	22.52%	457,676,320	16.57%
Construction & Material (Cement)	105,893,878	3.83%	731,829,937	26.50%
Power Generation & Distribution	-	0.00%	3,721,700	0.13%
Technology & Communication	3,337,100	0.12%	141,594,990	5.13%
Pharma	-	0.00%	109,020	0.00%
Glass & Ceramics	-	0.00%	519,050	0.02%
Cable & Electrical Goods	-	0.00%	16,048,900	0.58%
Miscellaneous	636,700,055	23.06%	29,163,343	1.06%
	<u>2,761,251,468</u>	<u>100.00</u>	<u>4,250,803,109</u>	<u>100.00</u>

Sensitivity analysis:

The table below summarizes Group's price risk as of June 30, 2023 and 2022 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of markets and the aforementioned concentrations existing in Group's investment portfolio.

		Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit/(loss) after tax	Hypothetical increase / (decrease) in Other comprehensive income
June 30, 2023	Rupees	2,849,795,546	10% increase	3,134,775,101	242,232,622	242,232,622	-
			10% decrease	2,564,815,991	(242,232,622)	(242,232,622)	-
June 30, 2022	Rupees	4,322,505,403	10% increase	4,754,755,942	378,219,223	378,219,223	-
			10% decrease	3,890,254,862	(378,219,223)	(378,219,223)	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## Interest rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in note 20 to these consolidated financial statements.

Financial assets and liabilities include balances of Rs. 1,512.083 million (2022: Rs. 1,508.812 million) and Rs. 1,617.786 million (2022: Rs. 2,431.969 million) respectively, which are subject to interest / markup rate risk. Applicable interest / mark-up rates for financial assets and liabilities have been indicated in respective notes.

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

	2023 Effective interest rate (%)	2022	2023 Carrying Amount (Rs.)	2022 Carrying Amount (Rs.)
<b>Financial assets - variable rate instruments</b>				
Receivable against margin financing	10% to 28.75%	10% to 20%	113,367,759	395,380,659
Receivable against reverse repo arrangement	15%	15%	108,796,620	115,089,608
Loan receivable from JCL	23.87%	N/A	352,000,000	-
Corporate debt securities - at FVTPL	7.9% to 14.5%	7.9% to 14.5%	88,544,078	71,702,293
Bank deposits - pls account	10% to 19%	6% to 14%	849,374,323	926,639,272
<b>Financial liabilities - variable rate instruments</b>				
Running finance arrangements from banking companies - secured	7.9% to 13.4%	7.9% to 13.4%	1,617,785,680	1,631,969,617
Financing facility from Javedan Corporation Limited - unsecured	N/A	9.7% to 17.1%	-	800,000,000

## Sensitivity analysis

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 rate would not affect the carrying amount of any financial instrument. For cash flow sensitivity analysis of variable rate instruments it is observed that interest / mark-up rate in terms of KIBOR has increased by 778 bps during the year.

The following information summarizes the estimated effects of 1% hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Effect on profit after tax	
	1% increase	1% (decrease)
	Rupees	
As at June 30, 2023		
Cash flow sensitivity-Variable rate financial instruments	(750,491)	750,491
As at June 30, 2022		
Cash flow sensitivity-Variable rate financial instruments	(6,554,420)	6,554,420

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 36.2. Financial instruments by categories

	June 30, 2023			Total
	At fair value through profit or loss	At fair value through other comprehensive income	At Amortized cost	
----- Rupees -----				
Financial assets				
Long term investment	1,085,254,068	-	-	1,085,254,068
Long-term advances and deposits	-	-	507,191,772	507,191,772
Short term investments	2,849,795,546	-	-	2,849,795,546
Trade debts	-	-	259,690,968	259,690,968
Receivable against margin financing	-	-	113,367,759	113,367,759
Accrued markup on margin financing	-	-	21,527,045	21,527,045
Short term deposits	-	-	31,400,253	31,400,253
Other receivables	-	-	1,274,009,584	1,274,009,584
Cash and bank balances	-	-	1,003,132,229	1,003,132,229
	<u>3,935,049,614</u>	<u>-</u>	<u>3,210,319,610</u>	<u>7,145,369,224</u>

### Financial liabilities

Lease liability	
Running finance arrangements from banking companies (including accrued markup)	
Trade and other payables	
Unclaimed dividend	

### Financial liabilities at amortized cost ----- Rupees -----

3,027,336
1,701,638,514
949,814,957
21,425,487
<u>2,675,906,294</u>

	June 30, 2022			Total
	At fair value through profit or loss	At fair value through other comprehensive income	At Amortized cost	
----- Rupees -----				
Financial assets				
Long term investment	42,745,423	-	-	42,745,423
Long-term advances and deposits	-	-	30,963,740	30,963,740
Short term investments	5,272,505,402	-	-	5,272,505,402
Trade debts	-	-	166,138,218	166,138,218
Receivable against margin financing	-	-	395,380,659	395,380,659
Accrued markup on margin financing	-	-	21,480,959	21,480,959
Short term deposits	-	-	8,629,396	8,629,396
Other receivables	-	-	141,060,860	141,060,860
Cash and bank balances	-	-	1,074,709,602	1,074,709,602
	<u>5,315,250,825</u>	<u>-</u>	<u>1,838,363,434</u>	<u>7,153,614,259</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## Financial liabilities

**Financial liabilities at amortized cost**  
----- Rupees -----

Lease liability	19,577,429
Running finance arrangements from banking companies (including accrued markup)	1,707,033,961
Financing facility from Javedan Corporation Limited	800,000,000
Trade and other payables	1,043,337,202
Payable against trading of securities - net	21,078,278
Unclaimed dividend	19,164,706
	<u>3,610,191,576</u>

## 37. FAIR VALUE OF ASSETS AND LIABILITIES

The Group measures fair value of its assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

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. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, long term growth rate and projected rates of increase in revenues, other income and expenses. 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 judgment and estimation in the determination of fair value. 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.

The table below analyses assets measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

June 30, 2023

### Financial assets measured at fair value

	Level 1	Level 2	Level 3	Total
Short term investments	2,849,795,546	-	-	2,849,795,546
Long term investments	1,063,072,698	-	22,181,370	1,085,254,068

### Non-financial assets measured at fair value

Investment properties	-	202,000,000	-	202,000,000
-----------------------	---	-------------	---	-------------

	Level 1	Level 2	Level 3	Total
----- Amount in Rupees -----				
Financial assets measured at fair value				
Short term investments	2,849,795,546	-	-	2,849,795,546
Long term investments	1,063,072,698	-	22,181,370	1,085,254,068
Non-financial assets measured at fair value				
Investment properties	-	202,000,000	-	202,000,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

June 30, 2022	Level 1	Level 2	Level 3	Total
	Amount in Rupees			
<i>Financial assets measured at fair value</i>				
Short term investments	4,322,505,402	-	950,000,000	5,272,505,402
Long term investments	-	-	42,745,423	42,745,423
<i>Non-financial assets measured at fair value</i>				
Investment properties	-	1,576,836,333	-	1,576,836,333

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:

Note	2023	2022
	Rupees	
Balance as at July 01	42,745,423	54,754,771
Shares swapped with quoted securities	(15,251,920)	-
Unrealised loss for the year	(5,312,133)	(12,009,348)
Balance as at June 30	22,181,370	42,745,423

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. A change of 1% in value arrived at reporting date would have the following effect:

	Effect on profit or loss	
	Favourable	(Unfavourable)
	Rupees	
June 30, 2023		
Unquoted equity securities	38,000,000	(38,000,000)
June 30, 2022		
Unquoted equity securities	38,000,000	(38,000,000)

## 38. CAPITAL

### 38.1 Management of capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

### 38.2 The Capital Adequacy Level as defined by Central Depository Company (CDC) is calculated as follows;

Note	2023	2022
	Rupees	
Total assets	7,787,409,044	8,991,052,294
Less: Total liabilities	(2,779,092,147)	(3,771,829,269)
Less: revaluation reserves (created upon revaluation of fixed assets)	(7,835,000)	(15,432,500)
Capital Adequacy Level	5,000,481,897	5,203,790,525



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

38.2.1 While determining the value of the total assets, notional value of the TRE Certificate as at year end as determined by Pakistan Stock Exchange has been considered.

38.3 Liquid Capital [as per the requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016]

S.No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
1.	<b>Assets</b>			
1.1	Property & Equipment	520,147,105	520,147,105	-
1.2	Intangible Assets	5,715,626	5,715,626	-
1.3	Investment in Govt. Securities (Difference between BV and SV on the date on the basis of PKRV published by NIFT)	-	-	-
	<b>Investment in Debt. Securities</b>			
	<b>If listed than:</b>			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	88,544,078	4,427,204	84,116,874
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	<b>If unlisted than:</b>			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	1,054,065,880	158,109,882	895,955,998
	<b>Investment in Equity Securities</b>			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	2,632,642,918	400,283,957	2,232,358,961
	Provided, that if any of these securities are pledged with the securities exchange for maintaining Base Minimum Capital Requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base Minimum Capital.	38,960,000	38,960,000	-
	ii. If unlisted, 100% of carrying value.	22,181,370	22,181,370	-
1.6	Investment in subsidiaries	38,000,000	38,000,000	-
	<b>Investment in associated companies/undertaking</b>			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	98,655,368	59,216,018	39,439,350
	ii. If unlisted, 100% of net value.	-	-	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity, however, any excess amount of cash deposited with securities exchange to comply with the requirements of Base minimum capital, may be taken in the calculation of LC.	1,950,461	1,950,461	-
1.9	Margin deposits with exchange and clearing house.	31,400,253	-	31,400,253
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	694,283,341	694,283,341	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	-	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	108,796,620	-	108,796,620
1.15	Advances and receivables other than trade receivables 1) No haircut may be applied on short term loan to employees provided these loans are secured and due for repayment within 12 months. 2) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation. 3) In all other cases, 100% of net value	1,012,558,418	1,012,558,418	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

S.No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
1.16	Receivables from clearing house or securities exchange(s)			
	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	77,192,508	-	77,192,508
1.17	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. i. Lower of net balance sheet value or value determined through adjustments.	113,367,759	4,743,857	108,623,902
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. ii. Net amount after deducting haircut	-	-	-
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, iii. Net amount after deducting haircut	-	-	-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. Balance sheet value	16,483,255	-	16,483,255
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. v. Lower of net balance sheet value or value determined through adjustments	242,307,495	65,441,568	176,865,927
	vi. In the case of amount of receivable from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner: a. Upto 30 days, values determined after applying VaR based haircuts; b. Above 30 days, but upto 90 days, values determined after applying 50% or VaR based haircuts whichever is higher; c. Above 90 days, 100% haircut shall be applicable. Lower of net balance sheet values or values determined through adjustments	900,218	900,218	-
1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	49,717,775	-	49,717,775
	ii. Bank balance-customer accounts	936,626,719	-	936,626,719
	iii. Cash in hand	733,779	-	733,779
1.19	Subscription money against Investment in IPO / offer for sale (asset)			
	i. No Haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.			
	ii. In case of investments in IPO where shares have been allotted but not yet credited in CDS account, 25% haircuts will be applicable on the value of such securities. iii. In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VaR based haircut whichever is higher, will be applied on Right Shares. Balance sheet values or net values after deducting haircuts.			
1.20	Total Assets	7,785,230,946		4,758,311,921
2.	Current Liabilities			
2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	877,099,730	-	877,099,730

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

S.No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
	<b>Current Liabilities</b>			
	i. Statutory and regulatory dues	25,036,323	-	25,036,323
	ii. Accruals and other payables	198,880,062	-	198,880,062
	iii. Short-term borrowings	1,617,785,680	-	1,617,785,680
2.2	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	2,108,980	-	2,108,980
	vi. Deferred Liabilities	-	-	-
	vii. Provision for taxation	-	-	-
	viii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	<b>Non-Current Liabilities</b>			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease.			
	b. Other Long Term Financing			
2.3	ii. Staff retirement benefits			
	iii. Other liabilities as per accounting principles and included in the financial statements	70,067,886	-	70,067,886
	<b>Subordinated Loans</b>	-	-	-
2.4	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:			
	<b>Advance against shares for increase in capital of securities broker.</b>	-	-	-
	100% haircut may be allowed in respect of advance against shares if:			
	a) The existing authorized share capital allows the proposed enhanced share capital			
	b) BOD has approved the increase in capital			
	c) Relevant Regulatory approvals have been obtained			
	d) There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed			
	e) Auditor is satisfied that such advance is against the increase of capital.			
2.5				
2.6	<b>Total Liabilities</b>	2,790,978,661		2,790,978,661
3.	<b>Ranking Liabilities Relating to :</b>			
	<b>Concentration in Margin Financing</b>			
	The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees. (Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs 5 million) Note: Only amount exceeding by 10% of each financee from aggregate amount shall be include in the ranking liabilities	-	90,369,296	90,369,296
3.1				
	<b>Concentration in securities lending and borrowing</b>			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed (Note only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities)	-	-	-
3.2				
	<b>Net underwriting Commitments</b>			
	(a) in the case of right issues : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting	-	-	-
3.3				
	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

S.No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
3.4	<b>Negative equity of subsidiary</b> The amount by which the total assets of the subsidiary ( excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary.	-	-	-
3.5	<b>Foreign exchange agreements and foreign currency positions</b> 5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency.	-	-	-
3.6	Amount Payable under REPO	-	-	-
3.7	<b>Repo adjustment</b> <b>In the case of financier/purchaser</b> the total amount receivable under Repo less the 110% of the market value of underlying securities. <b>In the case of financee/seller</b> the market value of underlying securities after applying haircut less the total amount received ,less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	25,799,380	25,799,380
3.8	<b>Concentrated proprietary positions</b> If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	69,087,219	69,087,219
3.9	<b>Opening Positions in futures and options</b> i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met		-	-
3.10	<b>Short sell positions</b> i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	<b>Total Ranking Liabilities</b>	-	185,255,895	185,255,895
		<u>4,994,252,285</u>	Liquid Capital	<u>1,782,077,365</u>

## 39. CORRECTION OF PRIOR PERIOD ERRORS

During the year ended June 30, 2018, Rayaan Commodities (Private) Limited recorded other income amounting to PKR 38 million. During the year, it was identified, that the other income amounting to PKR 38 million was not traceable and therefore, the said amount was recorded as a receivable from National Commodity & Derivatives Exchange Limited (NCEL). After thorough reconciliation of balances it was identified that the said amount was inadvertently recorded resulting in overstatement of income and receivable from NCEL.

The error was identified during the year and duly rectified in these financial statements retrospectively in accordance with the requirements of International Accounting Standard (IAS-8: Accounting Policies, Changes in Accounting Estimates and Errors) and corresponding figures have been restated.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

The retrospective correction of errors has the effects on these financial statements as follows:

	As previously reported	Restatement adjustment	As at June 30, 2022		Balance as at June 30, 202 - restated
			Restated amount	Reclassified to loan from director	
----- Amount in Rupees -----					
Exposure deposit with National Commodity & Derivatives Exchange Limited (NCEL)	47,153,687	(38,002,549)	9,151,138	(7,429,085)	1,722,053
Unappropriated Profit	4,588,393,074	(38,002,549)	4,550,390,525	-	4,550,390,525

	As previously reported	Restatement adjustment	As at June 30, 2021		Balance as at June 30, 202 - restated
			Restated amount	Reclassified to loan from director	
----- Amount in Rupees -----					
Exposure deposit with National Commodity & Derivatives Exchange Limited (NCEL)	54,040,508	(38,002,549)	16,037,959	(7,429,085)	8,608,874
Unappropriated Profit	4,413,860,019	(38,002,549)	4,375,857,470	-	4,375,857,470

## 40. GENERAL

### 40.1 Operating segment

These consolidated financial statements have been prepared on the basis of a single reportable segment as the Group's asset allocation decisions are based on a single and integrated business strategy.

All non-current assets of the Group as at June 30, 2023 are located in Pakistan.

### 40.2 Customers assets held in the Central Depository System

No. of shares

Amount of shares

	2023	2022
No. of shares	<u>7,155,217,322</u>	<u>6,739,487,424</u>
Amount of shares	<u>85,793,224,247</u>	<u>95,142,625,008</u>

### 40.3 Number of employees

The total number of employees and average number of employees at year end and during the year respectively are as follows:

Total number of employees as at

Average number of employees during the year

	2023	2022
----- Number -----		
Total number of employees as at	<u>168</u>	<u>177</u>
Average number of employees during the year	<u>163</u>	<u>189</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 40.4 Corresponding figures

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purpose of comparison and better presentation. Following reclassifications have been made in these consolidated financial statements.

Reclassified from component	Reclassified to component	Amount (Rupees)
Development charges incurred during the year (Investment property)	Advance against construction of investment property (Long term advances and deposits)	<u>15,552,128</u>
Legal and professional charges (Administrative and operating expenses)	Fees and subscription (Administrative and operating expenses)	<u>11,855,267</u>
Exposure deposit with National Clearing Company of Pakistan Limited (NCCPL) (Advances, deposits and prepayments)	Future profit with held (Trade and other payables)	<u>1,274,153</u>
Exposure deposit with National Commodity & Derivatives Exchange Limited (NCEL) (Advances, deposits and prepayments)	Receivable from Director - Ahsan Mehanti (Other receivables)	<u>7,429,085</u>
Equity brokerage income	Commission income	1,168
Markup on corporate debt securities (Operating revenue - Continuing operations)	Markup on corporate debt securities (Operating revenue - Discontinued operations)	<u>2,636,732</u>
		<u>2,637,900</u>
Fees and subscription	Fees paid to PSX & SECP	66,493
Communication	Internet expenses	116,550
Auditors' remuneration	Audit fees	60,000
CDC and clearing house charges	CDC charges	12,838
Legal and professional (Administrative and operating expenses - Continuing operations)	Legal expenses (Administrative and operating expenses - Discontinued operations)	100,000
		<u>355,881</u>
Net change in unrealised gain / (loss) on short term investment (Continuing operations)	Unrealized loss on short term investment (Administrative and operating expenses - Discontinued operations)	<u>787,552</u>
Profit on savings accounts	Profit on savings accounts	713,916
Profit from exposure deposits (Other operating income - Continuing operations)	Profit from exposure deposits (Other operating income - Discontinued operations)	698,086
		<u>1,412,002</u>
Taxation (Continuing operation)	Taxation (discontinued operation)	<u>849,625</u>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2023

## 40.5 Events after the reporting date

In its meeting held on September 23, 2023, the Board of Directors of the Company has proposed a final cash dividend of Rs. 2.5/- per share amounting to Rs. 163.35 million (2022: a final cash dividend of Rs. 6/- per share amounting to Rs. 392.04 million). The above proposed entitlements are to be approved by the members of the Company in their Annual General Meeting (AGM) scheduled to be held on October 26, 2023. These consolidated financial statements do not reflect the said appropriation.

## 40.6 Date of authorization for issue

These consolidated financial statements were authorized for issue by the Board of Directors of the Holding Company in their meeting held on September 26, 2023.

## 40.7 Level of rounding off

Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director



Chief Financial Officer



# NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Nineteenth Annual General Meeting of Arif Habib Limited (“the Company”) will be held on October 28, 2023 at 02:00 P.M. at PSX Auditorium, Stock Exchange Building, Stock Exchange Road, Karachi along video link facility, to transact the following business:

## ORDINARY BUSINESS

- 1) To confirm minutes of the Annual General Meeting held on October 15, 2022.
- 2) To review, consider and adopt audited financial statements of the company together with the auditors’ and directors’ report thereon including approval of the annexures there to, for the year ended June 30, 2023 together with Audited Consolidated Financial Statements of the Company and the Auditors’ Reports thereon for the year ended June 30, 2023.
- 3) To elect directors of the Company in accordance with the provisions of Section 159 of the Companies Act, 2017 for a term of three years. The number of the directors to be elected has been fixed at seven by the Board of Directors. The total strength of the post-election Board of Directors of the Company shall be seven (7) elected directors and the CEO of the Company who will be a deemed Director under section 188(3) of the Act. Name of directors retiring and eligible to file nominations are as under:
  1. Mr. Zafar Alam
  2. Mr. Muhammad Shahid Ali
  3. Dr. Muhammad Sohail Salat
  4. Mr. Mohsin Madni
  5. Mr. Muhammad Haroon
  6. Ms. Sharmin Shahid
  7. Ms. Nida Ahsan
- 4) To consider and approve final dividend for the year ended June 30, 2023, in cash at Rs. 2.5 per share i.e. 25% as recommended by the Board of Directors.
- 5) To appoint auditors of the company and fix their remuneration for the financial year 2023-24. The Board of Directors have recommended for reappointment of M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants as external auditors.

## SPECIAL BUSINESS

- 6) To 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 u/s 208 of the Companies Act, 2017, by passing the following special resolution 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, 2024 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 u/s 208 of the Companies Act, 2017 (if triggered) and shall be placed before the shareholders in the Annual General Meeting for their formal ratification/approval u/s 207 and / or 208 of the Companies Act, 2017 (if required).”
- 7) To consider and if deemed fit, pass the following Special Resolutions with or without modification(s):

## Investment in Associated Companies & Associated Undertakings:

“FURTHER RESOLVED THAT the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 for renewal of the following equity investments limit, subject to the terms and conditions as mentioned in Annexure - C of Statement under Section 134(3), up to unutilized portion of for which approval had been sought in previous general meeting(s), in associated companies and associated undertakings as mentioned in the annexed statement under Section 134(3).”

“FURTHER RESOLVED THAT the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 for renewal of following sanctioned limits of loans and advances, subject to the terms and conditions as mentioned in Annexure - C of Statement under Section 134(3), for which approval has been sought in previous general meeting, in associated companies and associated undertakings as mentioned in the annexed statement under Section 134(3) whereas the renewal of limits will be in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year.”

“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, fresh limit of investment amounting to Rs. 3,000 Million be allocated for the REIT Schemes under management of Arif Habib Dolmen REIT Management Ltd., subject to the terms and conditions as mentioned in Annexure - D 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 up to next annual general meeting, which shall be renewable thereon for further period(s) as specified. The subject investments approval is being sought for the sake of good corporate governance.”

	Name of Companies & Undertakings	Amount in Million		
		Renewal Requested		Proposed Fresh Investment
		Equity	Loan/Advance/Guarantee	Equity/Loan/Advance/Guarantee
1	Safemix Concrete Products Limited	156	250	-
2	Arif Habib Corporation Limited	-	1,500	-
3	Power Cement Limited	870	1,000	-
4	Aisha Steel Mills Limited	589	1,000	-
5	Javedan Corporation Limited	588	1,000	-
6	REITS under management of Arif Habib Dolmen REIT Management Limited	-	-	3,000

“FURTHER RESOLVED THAT the Chief Executive and/or the Company Secretary be and are hereby authorized 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.”

- 8) 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 March 21, 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

- 9) To consider any other business with the permission of the Chair.

Statements under Section 166(3) of the Companies Act, 2017, comprising of Annexure A pertaining to the special business is being sent to the shareholders along with this notice.

Statements under Section 134(3) of the Companies Act, 2017, comprising of Annexure B, Annexure C, Annexure D, Annexure E, and Annexure F pertaining to the special business is being sent to the shareholders along with this notice.

By order of the Board



Muhammad Taha Siddiqui  
Company Secretary

Karachi  
Friday, October 6, 2023

## NOTES:

### A. Book closure:

- i) The share transfer books of the Company will remain closed from October 22, 2023 to October 28, 2023 (both days inclusive). Transfers in good order, received at the office of Company's Share Registrar, CDC Share Registrar Services Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 by close of the business on October 21, 2023 will be treated in time for the purpose of attending the annual general meeting and for determination of entitlement of shareholders to cash dividend.
- ii) All members/shareholders are entitled to attend, speak and vote at the annual general meeting. A member/shareholder may appoint a proxy to attend, speak and vote on his/her behalf. The proxy need not be a member of the Company. Proxies in order to be effective 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-74400 not less than 48 hours before the meeting.
- iii) In pursuance of Circular No. 1. of 2000 of SECP dated January 26, 2000 the beneficial owners of the shares registered in the name of Central Depository Company (CDC) and/or their proxies are required to produce their Computerized National Identity Card (CNIC) or passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of the CNIC or the passport of the beneficial owner and the proxy.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

- iv) Members are requested to intimate any changes in address immediately to Company's Share Registrar, CDC Share Registrar Services Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400.

### B. Participation of shareholders through online facility

In order to maximize the member's participation, the Company is convening this AGM via video link in addition to holding physical meeting with shareholders., the shareholders shall be entitled to attend the proceedings of the AGM through online means using a video link facility, Zoom application or other electronic means.

The shareholders will be able to login and participate in the AGM proceedings through their smartphones or computer devices from their homes or any convenient location after completing all the formalities required for the verification and identification of the shareholders.

The login facility will be opened at 01:45 p.m. on October 28, 2023 enabling the participants to join the proceedings which will start at 02:00 p.m. sharp.

Shareholders interested in attending the AGM through electronic means, are requested to register themselves by submitting their following particulars at the Company's designated email address [agm2023@arifhabibltd.com](mailto:agm2023@arifhabibltd.com) before the close of business hours on October 21, 2023. The link to the zoom application will be sent to the shareholders on the email address provided in the below table:

Shareholder's Name	CNIC No.	Folio / CDC Account No.	Cell No.	No. of shares held	Email address

Login facility will be shared with the shareholders whose emails addresses are provided on above table, shareholders can also provide their comments / suggestions on [agm2023@arifhabibltd.com](mailto:agm2023@arifhabibltd.com) or Whatsapp or SMS on 0321-8210503 for the agenda items proposed to be conducted at the AGM in the same manner as it is being discussed in the AGM, and later shall be made part of the minutes of the meeting.

The purpose of the aforementioned arrangements is to ensure maximum participation of the shareholders in the AGM through an online facility. Shareholders are also requested to consolidate their attendance through proxies, so that the quorum requirement may also be fulfilled.

### C. Contesting in Election of Directors:

Any person (including a retiring Director) who seeks to contest election of directors shall file with the Company at its registered office, Arif Habib Centre, 23 M. T. Khan Road, Karachi, not later than 14 days before the said meeting his / her intention to offer himself / herself for the election of the directors in terms of Section 159(3) of the Companies Act, 2017 together with:

- (i) Notice of his / her intention to stand for election, along with duly completed and signed Form 28 giving his / her consent to act as Director of the Company if elected (under Section 167(1) of the Companies Act, 2017), and certify that he is not ineligible to become a Director under any applicable laws, Rules and Regulations; and that he / she confirms to hold the qualification shares in accordance with the Articles of Association of the Company.

Notice of intention shall also specify one category from following three categories in which he / she intends to contest:

Female Director	Independent Director	Other Director
-----------------	----------------------	----------------

- (ii) Detailed profile along with office address to be placed on the Company's website seven days prior to the date of election in term of SECP's SRO 634(1)/2014 of 10th July 2014.
- (iii) Declaration in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria as set out in the Companies Act, 2017 to act as the director of a listed company.
- (iv) Attested copy of valid CNIC and NTN.
- (v) Declaration by Independent Director(s) under Clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulation 2019.
- (vi) Undertaking by Independent Director(s) on non-judicial stamp paper on non-judicial stamp paper that he / she meet the requirements of sub regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

### E-Voting / Voting:

If the number of persons who offer themselves to be elected is more than the number of directors fixed under sub-section (1) of section 159 of the Companies Act, 2017, then the company shall provide its members with options of e-voting or voting by postal ballot in accordance with the provisions of the Companies (Postal Ballot) Regulations, 2018.

Shareholders who wish to participate through e-voting, kindly provide immediately through a letter duly signed by them, i.e. Name, Folio/ CDC Account No., E-mail address, contact number to the share registrar of the company (CDC Share Registrar Services Limited, CDC House 99-B, Block 'B' S.M.C.H.S, Main Shakra-e-Faisal Karachi-74400).

#### 1. Vote Casting In-Person or Through Proxy

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

#### 2. 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 election of Director(s) and 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 October 20, 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 October 25, 2023, 9:00 a.m. and shall close on October 27, 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 is also available for download from the website of the Company at [www.arifhabibltd.com](http://www.arifhabibltd.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) by Friday, October 27, 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 the Companies (Postal Ballot) Regulations, 2018, the Board of the Company has appointed M/s. S.M. Suhail & Co. Chartered Accountants, (a QCR rated audit firm) to act as the Scrutinizer of the Company for monitoring and validating the voting undertaken on resolutions concerning to Elections of Directors, for the special business to be transacted in the meeting (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.smsco.pk/](http://www.smsco.pk/)) in detail.

#### D. Payment of Cash Dividend through electronic mode:

In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholder only through electronic mode directly into the bank account designated by the entitled shareholder. Please note that giving bank mandate for dividend payments is mandatory and in order to comply with this regulatory requirement, you are requested to please provide the following information to your respective CDC Participant / CDC Investor Account Services (in case your shareholding is in Book Entry Form) or to our Share Registrar M/s. CDC Share Registrar Services Limited, Share Registrar Department, CDC House, 99-B, Block B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi – 74400 (in case your shareholding is in Physical Form):

	Details of Shareholder
Name of shareholder	
Folio/ CDS Account No.	
CNIC No.	
Cell number of shareholder	
Landline number of shareholder, if any	
Email	

	Details of Bank Account
Title of Bank Account	
Account International Bank Account Number (IBAN) "Mandatory"	PK _____ (24 digits) (Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank's Name	
Branch Name and Address	
It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate Participant / Share Registrar accordingly.	
_____ Signature of shareholder	

**E. Deduction of Income Tax from Dividend under section 150 of the Income Tax Ordinance, 2001:**

- a) Pursuant to the provisions of the Finance Act 2022 effective July 1, 2022, the rate of deduction of income tax from dividend payments has been revised as follows:

- i. Rate of tax deduction for filers of income tax return – 15%  
ii. Rate of tax deduction for non-filers of income tax return – 30%

Shareholders whose names are not entered into the Active Tax-payers List (ATL) available on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

- b) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to Company's Share Registrar by the first day of book closure.
- c) Further, according to clarification received from FBR, withholding tax will be determined separately on "Filer/ Non-filer" status of principal shareholder as well as joint-holder(s) based on their shareholding proportions.

In this regard all shareholders who hold company's shares jointly are requested to provide shareholding proportions or principal shareholder and joint-holder(s) in respect of shares held by them (if not already provided) to Company's Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach Company's Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by the principal shareholder and joint-holder(s).

- d) The corporate shareholders having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate physical shareholders are requested to send a copy of their NTN certificate to the Company's Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

## CNIC / NTN Number on Dividend Warrant (Mandatory)

As already been notified from time to time, SECP has directed vide its Notification S.R.O. 831(1)/2012 dated July 5, 2012, that the electronic Dividend should also bear the Computerized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s).

In order to comply with the SECP's directives and in terms of Section 243(2)(a) of the Companies Act, 2017, the Company shall be constrained to withhold the Dividend Warrant(s), in case of non-availability copy of valid CNIC (for individuals) and National Tax Number (for a corporate entity).

Accordingly, shareholders who have not yet submitted a copy of their valid CNIC or NTN are once again requested to immediately submit the same to the Company or Share Registrar, M/s. CDC Share Registrar Services Limited.

## F. Distribution of annual audited financial statements

The audited financial statements of the Company for the year ended June 30, 2023 have been made available on the Company's website (<http://www.arifhabibltd.com>) in addition to annual and quarterly financial statements for the prior years.

Further, this is to inform that 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 AHL's Share Registrar CDC Share Registrar Services Limited ("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.

## G. Unpaid Dividend Account

In accordance with the provisions of Section 244 of the Companies Act, 2017.

- (i) Where a dividend has been declared by a company but has not been paid or claimed, within a time period specified under Section 242, to any shareholder entitled to the payment of the dividend, the company shall, within fifteen days from the date of expiry of the said period, transfer the total amount of dividend which remains unpaid or unclaimed to a separate profit bearing account to be called the unpaid dividend account opened by the company for this purpose in any scheduled bank. The deposits in the unpaid dividend account shall only be used for payment to a claimant as given in sub-section 4.

Explanation - Dividend for the purpose of this section means the dividend payable in cash.

- (ii) The company shall, within a period of ninety days of making any deposit of the amount under sub-section (1) to the unpaid dividend account, prepare a statement containing the names, the last known addresses, number of shares held, the amount of unpaid dividend to be paid to each shareholder and such other particulars as may be specified and place it on the website of the company required under any law, rules, regulations or directions to maintain a website and also on any other website as may be specified.
- (iii) Any change in the information to be maintained on the website under sub-section (2) shall be effected by the company in such manner and within such time as may be specified.
- (iv) Any person claiming to be entitled to any money transferred under sub-section (1) to the unpaid dividend account of the company may apply to the company for payment of the money claimed.
- (v) The company shall make payment to the bonafide claimant within a period of thirty days from the date of submission of a claim with the company. No claimant shall be entitled to any amount except his unclaimed dividend amount.
- (vi) The amount of profit generated from the account maintained by the company under this section shall be used by the company for its corporate social responsibility initiatives and specified purposes.

# STATEMENT UNDER SECTION 166(3) OF THE COMPANIES ACT 2017

## ANNEXURE A

Section 166 of the Companies Act 2017 requires that a statement of material facts is annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing the appointee for appointment as independent director.

Being a listed company, Arif Habib Limited is required to have at least two independent directors on its Board in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. Accordingly, the Company shall ensure that at least two independents are elected in accordance with the procedures for election of directors laid down in Section 159 of the Companies Act 2017.

After the contestants file their notice / intention to stand for elections in the category of independent director, the Company shall apply following criteria for choosing the appointee for appointment as independent director:

- Inclusion of name of independent directors in the data bank maintained by Pakistan Institute of Corporate Governance (PICG) duly authorized by SECP.
- Respective competencies, diversity, skill, knowledge and experience of the election contestants shall be assessed.
- The company shall exercise due diligence before selecting a person from the data bank that the contestant meets the independence criteria as mentioned in Section 166(2) of the Companies Act, 2017.

# 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. 6 and Agenda item No. 7 of the Notice to be transacted at the Annual General Meeting of the Company. Directors of the Company have no interest in the special business except in their capacity as director / shareholder.

## ANNEXURE B

### 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 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. Being the directors of a brokerage house, many Directors may be deemed to be treated as interested in transactions with related parties due to their shareholding in such companies. 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 directorships in such companies.

# STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT 2017

## ANNEXURE C

### INVESTMENTS IN ASSOCIATED COMPANIES & ASSOCIATED UNDERTAKINGS

The Board of Directors of the Company has approved the specific limits for loans/advances along with other particulars for investments in the following associated companies and associated undertakings subject to the consent of members under Section 199 of the Companies Act, 2017 / Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017. The Board of Directors do hereby undertake / certify that necessary due diligence for the following proposed investments have 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.

#### 1 INVESTMENT IN SECURITIES

S.No.	Description	Information
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	<b>SAFEMIX CONCRETE PRODUCTS LIMITED</b> An associated undertaking due to investments by the Company
2	Purpose, benefits and period of investment	For the benefit of the Company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
3	Maximum amount of investment	Unutilized limit of PKR 155.69 million is requested for approval. This is in addition to Investment at cost of PKR 94.31 million already made upto 30 June, 2023.
4	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
5	Maximum number of securities to be acquired	No of securities purchasable under approved limit in accordance with / based on Sr. Nos. 3 & 4 above
6	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
7	Number of securities and percentage thereof held before and after the proposed investment	Before: 5.69 million shares held in the Company as on 30 June, 2023 being 22.80% holding. After: Increase in securities / percentage in accordance with / based on Sr. No. 3, 4 & 5 above
8	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	PKR 13.62
9	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)	Not Applicable
10	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 274.29 million, PKR 744.98 million and PKR 470.69 million respectively. Gross Profit, Loss before tax and Profit after tax amounting to PKR 273.63 million, PKR 206.97million and PKR 133.37 million respectively



S.No.	Description	Information
11	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	PKR 10.97
12	Earning per share of the associated company or associated undertaking for the last three years	2023: PKR 5.33 2022: PKR 1.86 2021: PKR 0.26
13	Sources of fund from which securities will be acquired	From company's own available liquidity and credit lines
14	Where the securities are intended to be acquired using borrowed funds	
(i)	Justification for investment through borrowings	The Company foresee the return on this strategic investment higher than the borrowing cost
(ii)	Detail of guarantees and assets pledged for obtaining such funds	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Cost Benefit Analysis	Company's expects to time the investment to earn return over and above the borrowing cost.
15	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	There is no agreement as this is a Strategic Investment
16	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
17	Any other important details necessary for the members to understand the transaction	Not Applicable
18	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely	
(i)	Description of the project and its history since conceptualization	Not Applicable
(ii)	Starting and expected dated of completion of work	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected time by which the project shall start paying return on investment	Not Applicable
19	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	SMCPL reported earnings per share of PKR 5.33 for the year ended 30th June 2023 as compared to earnings per share of PKR 1.86 last year. Consequently, the investment is expected to add value to AHL shareholders. Performance of SMCPL can be referred in Point 10 to 12 above.

## 2 INVESTMENT IN SECURITIES

S.No.	Description	Information
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	<b>POWER CEMENT COMPANY LIMITED</b> An associated undertaking due to investments by the holding Company
2	Purpose, benefits and period of investment	For the benefit of the Company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
3	Maximum amount of investment	Unutilized limit of PKR 869.71 million is requested for approval. This is in addition to Investment at cost of PKR 237.29 million already made upto 30 June, 2023.
4	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
5	Maximum number of securities to be acquired	No of securities purchasable under approved limit in accordance with / based on Sr. Nos. 3 & 4 above
6	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
7	Number of securities and percentage thereof held before and after the proposed investment	Before: 1.73 million shares held in the Company as on 30 June, 2023 being 0.13% holding. After: Increase in securities / percentage in accordance with / based on Sr. No. 3, 4 & 5 above
8	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	PKR 4.13
9	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)	Not Applicable
10	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 17,568 million, PKR 48,530 million and PKR 30,963 million respectively. Gross profit, Loss before tax and Profit after tax amounting to PKR 3,732 million, PKR (80.91) million and PKR 168.99 million respectively
11	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	PKR 13.31
12	Earning per share of the associated company or associated undertaking for the last three years	2023: PKR (0.19) 2022: PKR (0.62) 2021: PKR 0.17
13	Sources of fund from which securities will be acquired	From company's own available liquidity and credit lines

S.No.	Description	Information
14	Where the securities are intended to be acquired using borrowed funds	
(i)	Justification for investment through borrowings	The Company foresee the return on this strategic investment higher than the borrowing cost
(ii)	Detail of guarantees and assets pledged for obtaining such funds	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Cost Benefit Analysis	Company's expects to time the investment to earn return over and above the borrowing cost.
15	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	There is no agreement as this is a Strategic Investment
16	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
17	Any other important details necessary for the members to understand the transaction	Not Applicable
18	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely	
(i)	Description of the project and its history since conceptualization	Not Applicable
(ii)	Starting and expected dated of completion of work	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected time by which the project shall start paying return on investment	Not Applicable
19	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	POWER reported loss per share of PKR 0.19 for the year ended 30th June 2023 as compared to loss per share of PKR 0.62 last year due to growth in profit margins. Consequently, the investment is expected to add value to AHL shareholders. Performance of POWER can be referred in Point 10 to 12 above.

### 3 INVESTMENT IN SECURITIES

S.No.	Description	Information
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	<b>AISHA STEEL MILLS LIMITED</b> An associated undertaking due to investments by the holding Company
2	Purpose, benefits and period of investment	For the benefit of the Company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
3	Maximum amount of investment	Unutilized limit of PKR 589 million is requested for approval. This is in addition to Investment at cost of PKR 410.63 million already made upto 30 June, 2023.
4	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
5	Maximum number of securities to be acquired	No of securities purchasable under approved limit in accordance with / based on Sr. Nos. 3 & 4 above
6	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
7	Number of securities and percentage thereof held before and after the proposed investment	Before: 0.4 million (ordinary) & 0.11 million (preference) shares held in the Company as on 30 June, 2023, being 0.6% holding. After: Increase in securities / percentage in accordance with / based on Sr. No. 3, 4 & 5 above
8	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	PKR 5.92
9	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)	Not Applicable
10	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 15,692 million, PKR 38,046 million and PKR 22,354 million respectively. Gross profit, Loss before tax and Loss after tax amounting to PKR 1,458 million, PKR 4,841 million and PKR 3,216 million respectively
11	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	PKR 12
12	Earning per share of the associated company or associated undertaking for the last three years	2023: PKR (3.56) 2022: PKR 1.27 2021: PKR 8.19
13	Sources of fund from which securities will be acquired	From company's own available liquidity and credit lines

S.No.	Description	Information
14	Where the securities are intended to be acquired using borrowed funds	
(i)	Justification for investment through borrowings	The Company foresee the return on this strategic investment higher than the borrowing cost
(ii)	Detail of guarantees and assets pledged for obtaining such funds	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Cost Benefit Analysis	Company's expects to time the investment to earn return over and above the borrowing cost.
15	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	There is no agreement as this is a Strategic Investment
16	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
17	Any other important details necessary for the members to understand the transaction	Not Applicable
18	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely	
(i)	Description of the project and its history since conceptualization	Not Applicable
(ii)	Starting and expected dated of completion of work	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected time by which the project shall start paying return on investment	Not Applicable
19	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	It is market consensus that interest rates are expected to come down during FY24. This will benefit steel companies, amid the rise in economic activity. Relaxation in import restrictions will make it easier for steel companies to bring in their essential raw materials. Furthermore, flat steel finds application in construction projects, and the government's announcement of a record-high Public Sector Development Program (PSDP) will lead to increased steel demand. Consequently, the investment is expected to add value to AHL shareholders. Performance of ASL can be referred in Point 10 to 12 above.

#### 4 INVESTMENT IN SECURITIES

S.No.	Description	Information
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	<b>JAVEDAN CORPORATION LIMITED</b> An associated undertaking due to investments by the holding Company
2	Purpose, benefits and period of investment	For the benefit of the Company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
3	Maximum amount of investment	Unutilized limit of PKR 587.88 million is requested for approval. This is in addition to Investment at cost of PKR 412.17 million already made upto 30 June, 2023.
4	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
5	Maximum number of securities to be acquired	No of securities purchasable under approved limit in accordance with / based on Sr. Nos. 3 & 4 above
6	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
7	Number of securities and percentage thereof held before and after the proposed investment	Before: 5 million (ordinary) shares held in the Company as on 30 June, 2023, being 1.31% holding. After: Increase in securities / percentage in accordance with / based on Sr. No. 3, 4 & 5 above
8	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	PKR 40.44
9	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)	Not Applicable
10	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 25,921 million, PKR 42,883 million and PKR 10,217 million respectively. Gross profit, Profit before tax and Profit after tax amounting to PKR 9,033 million, PKR 6,967 million and PKR 6,742 million respectively
11	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	PKR 68.06
12	Earning per share of the associated company or associated undertaking for the last three years	2023: PKR 17.7 2022: PKR 3.95 2021: PKR 1.04
13	Sources of fund from which securities will be acquired	From company's own available liquidity and credit lines



S.No.	Description	Information
14	Where the securities are intended to be acquired using borrowed funds	
(i)	Justification for investment through borrowings	The Company foresee the return on this strategic investment higher than the borrowing cost
(ii)	Detail of guarantees and assets pledged for obtaining such funds	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Cost Benefit Analysis	Company's expects to time the investment to earn return over and above the borrowing cost.
15	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	There is no agreement as this is a Strategic Investment
16	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
17	Any other important details necessary for the members to understand the transaction	Not Applicable
18	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely	
(i)	Description of the project and its history since conceptualization	Not Applicable
(ii)	Starting and expected dated of completion of work	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected time by which the project shall start paying return on investment	Not Applicable
19	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	JVDC reported earnings per share of PKR 17.7 for the year ended 30th June 2023 as compared to earnings per share of PKR 3.95 last year. Consequently, the investment is expected to add value to AHL shareholders.

## 1 LOANS, ADVANCES AND CORPORATE GUARANTEES

S.No.	Description	Information
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	<b>SAFEMIX CONCRETE PRODUCTS LIMITED</b> An associated undertaking due to investments by the Company
2	Amount of loans or advances	Previously sanctioned unutilized limit of PKR 250 million is requested for renewal. Above facilities will be in the nature of running finance & corporate guarantee for a period of one year and shall be renewable in next general meeting for further period of one year.
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality , operations and growth of the associate.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	During 2022-23, no loan was extended to the associate.
5	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	During 2022-23, no loan was extended to the associate.
6	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 274.29 million, PKR 744.98 million and PKR 470.69 million respectively. Gross Profit, Loss before tax and Profit after tax amounting to PKR 273.63 million, PKR 206.97 million and PKR 133.37 million respectively
7	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing Company ranges from 1 month KIBOR + 0.5% to 1.0% , 3 month KIBOR + 0.50% to 1.5% in 2022 - 2023.
8	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the Companys' prevalent average borrowing cost.
9	Sources of funds from where loans or advances will be given	From Company's own available liquidity and credit lines
10	Where loans or advances are being granted using borrowed funds	
(i)	Justification for granting loan or advance out of borrowed funds	To support the functionality, operations and growth of the associate.
(ii)	Detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto April 22, 2024.

S.No.	Description	Information
11	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Will be decided with mutual consent at the time of extending the loan.
12	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
13	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
14	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Not Applicable
15	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
16	Any other important details necessary for the members to understand the transaction	Not Applicable
17	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	A description of the project and its history since conceptualization	Not Applicable
(ii)	Start date and expected date of completion	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected return on total capital employed in the project	Not Applicable
(v)	Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable

## 2 LOANS AND ADVANCES

S.No.	Description	Information
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	<b>ARIF HABIB CORPORATION LIMITED</b> An associated undertaking due to Parent Company.
2	Amount of loans or advances	Previously sanctioned unutilized limit of PKR 1,500 million is requested for renewal. Above facilities will be in the nature of running finance and corporate guarantee for a period of one year and shall be renewable in next general meeting for further period of one year.
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality , operations and growth of the associate.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	During 2022-23, no loan was extended to the associate.
5	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	During 2022-23, no loan was extended to the associate.
6	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 20,469 million, PKR 23,814 million and PKR 3,345 million respectively. Profit before tax and Loss after tax amounting to PKR 37.90 million and PKR 972.36 million
7	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing Company ranges from 1 month KIBOR + 0.5% to 1.0%, 3 month KIBOR + 0.50% to 1.5% in 2022 - 2023.
8	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the Company's prevalent average borrowing cost.
9	Sources of funds from where loans or advances will be given	From Company's own available liquidity and credit lines.
10	Where loans or advances are being granted using borrowed funds	
(i)	Justification for granting loan or advance out of borrowed funds	To support the functionality, operations and growth of the associate.
(ii)	Detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto April 22, 2024.

S.No.	Description	Information
11	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Will be decided with mutual consent at the time of extending the loan.
12	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
13	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
14	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Not Applicable
15	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
16	Any other important details necessary for the members to understand the transaction	Not Applicable
17	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	A description of the project and its history since conceptualization	Not Applicable
(ii)	Start date and expected date of completion	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected return on total capital employed in the project	Not Applicable
(v)	Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable

### 3 LOANS AND ADVANCES

S.No.	Description	Information
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	<b>POWER CEMENT LIMITED</b> An associated undertaking due to investment by the holding Company
2	Amount of loans or advances	Previously sanctioned unutilized limit of PKR 1,000 million is requested for renewal. Above facilities will be in the nature of running finance and corporate guarantee for a period of one year and shall be renewable in next general meeting for further period of one year.
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality , operations and growth of the associate.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	During 2022-23, no loan was extended to the associate.
5	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	During 2022-23, no loan was extended to the associate.
6	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 17,568 million, PKR 48,530 million and PKR 30,963 million respectively. Gross profit, Loss before tax and Profit after tax amounting to PKR 3,732 million, PKR (80.91) million and PKR 168.99 million respectively
7	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing Company ranges from 1 month KIBOR + 0.5% to 1.0% , 3 month KIBOR + 0.50% to 1.5% in 2022 - 2023.
8	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the Companys' prevalent average borrowing cost.
9	Sources of funds from where loans or advances will be given	From Company's own available liquidity and credit lines.
10	Where loans or advances are being granted using borrowed funds	
(i)	Justification for granting loan or advance out of borrowed funds	To support the functionality, operations and growth of the associate.
(ii)	Detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto April 22, 2024.



S.No.	Description	Information
11	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Will be decided with mutual consent at the time of extending the loan.
12	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
13	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
14	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Not Applicable
15	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
16	Any other important details necessary for the members to understand the transaction	Not Applicable
17	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	A description of the project and its history since conceptualization	Not Applicable
(ii)	Start date and expected date of completion	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected return on total capital employed in the project	Not Applicable
(v)	Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable

#### 4 LOANS AND ADVANCES

S.No.	Description	Information
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	<b>AISHA STEEL MILLS LIMITED</b> An associated undertaking due to investment by the holding Company
2	Amount of loans or advances	Previously sanctioned unutilized limit of PKR 1,000 million is requested for renewal. Above facilities will be in the nature of running finance and corporate guarantee for a period of one year and shall be renewable in next general meeting for further period of one year.
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality , operations and growth of the associate.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	During 2022-23, no loan was extended to the associate.
5	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	During 2022-23, no loan was extended to the associate.
6	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 15,692 million, PKR 38,046 million and PKR 22,354 million respectively. Gross profit, Loss before tax and Loss after tax amounting to PKR 1,458 million, PKR 4,841 million and PKR 3,216 million respectively
7	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing Company ranges from 1 month KIBOR + 0.5% to 1.0%, 3 month KIBOR + 0.50% to 1.5% in 2022 - 2023.
8	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the Companys' prevalent average borrowing cost.
9	Sources of funds from where loans or advances will be given	From Company's own available liquidity and credit lines.
10	Where loans or advances are being granted using borrowed funds	
(i)	Justification for granting loan or advance out of borrowed funds	To support the functionality, operations and growth of the associate.
(ii)	Detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto April 22, 2024.

S.No.	Description	Information
11	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Will be decided with mutual consent at the time of extending the loan.
12	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
13	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
14	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Not Applicable
15	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
16	Any other important details necessary for the members to understand the transaction	Not Applicable
17	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	A description of the project and its history since conceptualization	Not Applicable
(ii)	Start date and expected date of completion	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected return on total capital employed in the project	Not Applicable
(v)	Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable

## 5 LOANS AND ADVANCES

S.No.	Description	Information
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	<b>JAVEDAN CORPORATION LIMITED</b> An associated undertaking due to investment by the holding Company
2	Amount of loans or advances	Previously sanctioned limit of PKR 1,000 million is requested for renewal. Above facilities will be in the nature of running finance and corporate guarantee for a period of one year and shall be renewable in next general meeting for further period of one year.
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality, operations and growth of the associate.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	The markup on facility shall be 3 months KIBOR + 1.75% per annum. Markup is payable on Quarterly basis. The loan is repayable within 30 business days of notice of demand. The markup rate may be increased / reduced if borrowing cost of the Company is increased.
5	In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	Not Applicable
6	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 25,921 million, PKR 42,883 million and PKR 10,217 million respectively. Gross profit, Profit before tax and Profit after tax amounting to PKR 9,033 million, PKR 6,967 million and PKR 6,742 million respectively
7	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing Company ranges from 1 month KIBOR + 0.5% to 1.0%, 3 month KIBOR + 0.50% to 1.5% in 2022 - 2023.
8	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the Companys' prevalent average borrowing cost.
9	Sources of funds from where loans or advances will be given	From Company's own available liquidity and credit lines
10	Where loans or advances are being granted using borrowed funds	
(i)	Justification for granting loan or advance out of borrowed funds	To support the functionality, operations and growth of the associate.
(ii)	Detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto April 22, 2024.

S.No.	Description	Information
11	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Will be decided with mutual consent at the time of extending the loan.
12	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
13	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
14	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Not Applicable
15	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
16	Any other important details necessary for the members to understand the transaction	Not Applicable
17	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	A description of the project and its history since conceptualization	Not Applicable
(ii)	Start date and expected date of completion	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected return on total capital employed in the project	Not Applicable
(v)	Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable

# STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT 2017

## ANNEXURE-D

### INVESTMENTS IN ASSOCIATED COMPANIES & ASSOCIATED UNDERTAKINGS

The Board of Directors of the Company ("AHL") 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 :

S.No.	Description	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 ("AHRML"). This approval is being sought for the sake of good corporate governance to enable the Company to be in ready position to capitalise on investment opportunities as and when available. For detail refer Annexure D-1
II	Basis of relationship	AHRML is an associated undertaking due to common directorship of Holding Company.
III	Earnings per share for the last three years	Disclosed in Annexure D-1
IV	Break-up value of share, based on the latest audited financial statements	Disclosed in Annexure D-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 D-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: <ol style="list-style-type: none"> <li>description of the project and its history since conceptualization;</li> <li>starting date and expected date of completion of work;</li> <li>time by which such project shall become commercially operational;</li> <li>expected time by which the project shall start paying return on investment; and</li> <li>funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</li> </ol>	Various existing / proposed funds under management of AHRML are launched or are in pipeline under different stages of launching. These include Silk Islamic Developmental REIT, Pakistan Corporate CBD REIT, Globe Residency REIT, Silk World Islamic REIT, Sapphire Bay Islamic Development REIT, Naya Nazimabad Apartments REIT, Rahat Residency REIT, Gymkhana Apartment REIT, Signature Residency REIT, Parkview Apartment REIT and Dolmen City REIT.  This consolidated approval is being sought for all the REITS. Relevant details where applicable are disclosed in Annexure D-1. Any other REITS that may be launched under the management of AHRML for which required information is not presently available.



S.No.	Description	Information
VII	Maximum amount of investment to be made	Fresh limit of PKR 3 billion for all type of investments is requested for approval. This limit 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.
VIII	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	For the benefit of the Company and to earn better returns in the long run on strategic investment. Approval of limits for investments made in the nature of equity and loans shall be exhausted to the extent of investments 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 made are disclosed in Annexure D-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 company 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	Disclosed in Annexure D-1
XIII	Any other important details necessary for the members to understand the transaction	Disclosed in Annexure D-1

## B - Disclosures relating to proposed equity investments :

S.No.	Description	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 Sr. 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 D-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 D-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. :

S.No.	Description	Information
XX	Category-wise amount of investment	As disclosed in Sr. 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	Average borrowing cost of the investing Company ranges from 1 month KIBOR + 0.5% to 1.0% , 3 month KIBOR + 0.50% to 1.5% in 2022 - 2023.
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 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	In case of a loan or advance to any 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.

S.No.	Description	Information
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 D-1

Particulars	GLOBE RESIDENCY REIT	SIGNATURE RESIDENCY REIT	NAYA NAZIMABAD APARTMENT REIT	RAHAT RESIDENCY REIT	
	Audited 2023	Under progress	Audited 2023	Audited 2023	
AHL invested in these Schemes					
<b>III. Earnings per share for the last three years</b>					
Year 2023:	1.94	Audit is in progress	(0.16)	(0.84)	
Year 2022:	2.45	Not applicable	Not applicable	Not applicable	
Year 2021:	Not applicable	Not applicable	Not applicable	Not applicable	
Year 2020:	Not applicable	Not applicable	Not applicable	Not applicable	
<b>IV. Break-up value of share, based on the latest audited financial statements</b>					
Unit issued	13.25	-	9.84	9.16	
	140,000,000	-	293,750,000	50,000,000	
<b>V. Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements</b>					
Non-current assets	24,376,000	Not available due to pending audit	-	1,448,000	
Current assets	4,088,804,000		5,863,981,000	1,936,594,000	
Equity	1,855,490,000		2,891,230,000	458,147,000	
Non-current liabilities	933,333,000		-	-	
Current liabilities	1,324,357,000		2,972,751,000	1,479,895,000	
Operating Revenue	2,849,842,000		-	-	
Profit before Tax	408,291,000		(46,270,000)	(41,853,000)	
Profit after Tax	271,083,000		(46,270,000)	(41,853,000)	
<b>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:</b>					
1. description of the project and its history since conceptualization;	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.		1. SRR was established for construction of 2 Towers on 2 FL Sites located in Naya Nazimabad. The project was launched in January 2023 and was transferred to REIT in March 23.	1. The NNAR was established with the objective of construction of the acquired property to sell apartments under the project named "NAYA NAZIMABAD APARTMENT" (the Project), in the vicinity of Naya Nazimabad, Karachi, for generating income for Unit Holders.	1. Rahat Residency REIT (the scheme) has been established for the construction of Residential Apartments and commercial units on 5 FL Sites located in Naya Nazimabad.
2. starting date and expected date of completion of work;	2. Construction of the project started in November 2021 and is expected to be completed in November 2025.	2. Construction of the project started in January 2023 and is expected to be completed in December 2026.	2&3. The Trust Deed of the REIT was registered on June 24, 2022 whereas SECP granted its approval granted on 03 August 2022. The Scheme has an indicative life of 7 years.	2. Sales of and construction on 2 FL Sites has started and it is expected to completed in 5 Years.	
3. time by which such project shall become commercially operational;	3. The project is commercially operational; construction and sales are progressing.	3. The project is commercially operational, Construction and sales are under full flow.	4. At least 4 years from the date of registration of NNAR is expected to pay return on investment	3. Commercial Operations have already begun.	
4. expected time by which the project shall start paying return on investment; and	4. GRR announced its first dividend on September 15, 2023.	4. SRR is expected to start paying returns from June 2024.	5. In addition to AHL, other associated companies namely Arif Habib Corporation Limited and Javedan Corporation Limited have also invested in the units of NNAR.	4. RRR is expected to start paying returns on investment in approximately 3 years.	
5. funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	5. In addition to AHL, other associated companies namely Arif Habib Corporation Limited and Javedan Corporation Limited have also invested in the units of GRR.	5. In addition to AHL, another associated company Javedan Corporation Limited have also invested in the units of SSR.		5. AHL has invested in 82.5 million units against transfer of real estate. 50 million units were issued and remaining 32.5 million units will be issued after regulatory approvals and filings are completed by RRR.	
<b>X. Salient feature of agreement(s), if any, with associated company or associated undertaking with regards to proposed investment</b>					
Salient 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 SSR, AHL shall continue to hold 3.33 million units in a blocked account, out of a total of 13.32 million units held by it in accordance with REIT Regulations. 3) Unit holding of investors of SSR is to be divested /transferred only in accordance with the restrictions mentioned in the agreement.	None	Unit Subscription Agreement was signed by REIT Scheme with Arif Habib Limited. Units of Rs 825,000,000 was to be issued against the transfer of real estate. Being Strategic Investor JCL will continue to hold 20.625 million units in a blocked account as per REIT Regulations.	
<b>XVII. Number of securities and percentage thereof held before and after the proposed investment</b>					
No of unit hold	13,587,281 units being 9.71% of unit holding as on 30 June 2023	The Company has already made an advance for investment amounting to Rs. 133.29 million. Units were issued subsequent to year ended June 30, 2023.	27,800,000 units being 9.46% of unit holding as on 30 June 2023	50,000,000 in the form of units and Rs. 325,000,000 in the form of advance against investment as on 30 June 2023.	
* Advances from unit holders were received and no units were issued against such subscription money.					
<b>XVIII. Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and</b>					
Weighted average market price	Rs. 10.77	Not applicable	Not applicable	Not applicable	

Particulars	SILK ISLAMIC DEVELOPMENT REIT	PAKISTAN CORPORATE CBD REIT	PARKVIEW APARTMENT REIT	Gymkhana Apartment REIT
	Audited 2022	Audited 2022	Not Applicable	Not Applicable
AHL not invested yet in these Schemes				
<b>III. Earnings per share for the last three years</b>				
Year 2023:	Audit is in progress	Audit is in progress	Not applicable	Not applicable
Year 2022:	(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
<b>IV. Break-up value of share, based on the latest audited financial statements</b>				
Unit issued	9.98	-	Not applicable	Not applicable
	300,000,000	-	Not applicable	Not applicable
<b>V. Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements</b>				
Non-current assets	-	-	Not applicable	Not applicable
Current assets	4,104,947,000	2,187,096,000		
Equity	2,995,393,000	2,175,736,000		
Non-current liabilities	1,000,000,000	-		
Current liabilities	109,554,000	11,360,000		
Operating Revenue	-	-		
Profit before Tax	(4,607,000)	(19,585,000)		
Profit after Tax	(4,607,000)	(19,585,000)		
<b>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:</b>				
1. description of the project and its history since conceptualization;	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-Urman / Hub Dam link road (Abdullah Chowrangji). SIDR has acquired land from Silk Bank Limited and World Group.	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 granted on 22nd December 2021. Total completion time for the whole project is estimated / targeted at 7 years;	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 expected to start paying returns on investment in approximately 4 years from the date of commencement of work of its project.	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 expected to start paying returns on investment in approximately 4 years from the date of commencement of work of its project.
2. starting date and expected date of completion of work;	2 & 3. SIDR's Trust Deed was registered on July 08, 2021, whereas SECP granted its approval granted on June 30, 2021. Total completion time for the whole project is estimated at 10 years;	4. PCCR is expected to start paying returns on investment in approximately 4 years from the date of registration; and	5. Javedan Corporation Limited, an associated undertaking has invested Rs. 2.3 billion in the form of real estate.	5. Javedan Corporation Limited, an associated undertaking has invested Rs. 3.72 billion in the form of real estate.
3. time by which such project shall become commercially operational;	4. At least 5 years from the date of registration of SIDR is expected to pay return on investment; and	5. Arif Habib Corporation Limited, an associated company has invested Rs 600 million in units of SIDR.		
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;				
<b>X. Salient feature of agreement(s), if any, with associated company or associated undertaking with regards to proposed investment</b>				
Salient Feature of Agreement	None	None	None	None
<b>XVII. Number of securities and percentage thereof held before and after the proposed investment</b>				
No of unit hold	None	None	None	None
* Advances from unit holders were received and no units were issued against such subscription money.				
<b>XVIII. Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and</b>				
Weighted average market price	Not applicable	Not applicable	Not applicable	Not applicable

Particulars	DOLMEN CITY REIT	SILK WORLD ISLAMIC REIT	SAPPHIRE BAY ISLAMIC DEVELOPMENT REIT
	Audited 2022	Audited 2022	Under progress
AHL not invested yet in these Schemes			
<b>III. Earnings per share for the last three years</b>			
Year 2023:	Audit is in progress	Audit is in progress	Audit is in progress
Year 2022:	4.39	(0.16)	Audit is in progress
Year 2021:	3.87	Not applicable	Not applicable
Year 2020:	3.65	Not applicable	Not applicable
<b>IV. Break-up value of share, based on the latest audited financial statements</b>			
Unit issued	2,223,700,000	591,009,308	-
<b>V. Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements</b>			
Non-current assets	62,821,189,000	-	Not available due to pending audit
Current assets	1,998,196,000	5,990,774,000	
Equity	64,029,292,000	5,815,522,000	
Non-current liabilities	-	-	
Current liabilities	790,093,000	175,252,000	
Operating Revenue	3,795,200,000	-	
Profit before Tax	9,762,893,000	(94,510,000)	
Profit after Tax	9,762,893,000	(94,510,000)	
<b>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:</b>			
<p>1. description of the project and its history since conceptualization;</p> <p>2. starting date and expected date of completion of work;</p> <p>3. time by which such project shall become commercially operational;</p> <p>4. expected time by which the project shall start paying return on investment; and</p> <p>5. funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</p>	Not applicable, Dolmen City REIT's project is already operational	<p>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-Uzman / Hub Dam link road (Abdullah Chowrangi). SWIR has acquired land from Silk Bank Limited and World Group.</p> <p>2 &amp; 3. The Trust Deed was registered on 26 August 2021 and SECP approval was granted on 27 September 2022, SWIR has an indicative life of 8 years.</p> <p>4. SWIR is expected to start paying returns on investment approximately 2 years after commencement of operations.</p> <p>5. None</p>	<p>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.</p> <p>2 &amp; 3. SBIDR's trust deed was registered on 24 December 2021, whereas SECP granted its approval granted on 12 January 2022. Total completion time for the whole project is estimated / targeted at 10 years;</p> <p>4. SBIDR is expected to start paying returns on investment in approximately 4 years from the date of commencement; and</p> <p>5. Associated companies namely Javedan Corporation Limited and Fatima Fertilizer Limited has invested in the units of SBIDR."</p>
<b>X. Salient feature of agreement(s), if any, with associated company or associated undertaking with regards to proposed investment</b>			
Salient Feature of Agreement	None	None	None
<b>XVII. Number of securities and percentage thereof held before and after the proposed investment</b>			
No of unit hold	None	None	None
* Advances from unit holders were received and no units were issued against such subscription money.			
<b>XVIII. Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and</b>			
Weighted average market price	Rs. 13.74	Not applicable	Not applicable



# STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT 2017

## ANNEXURE E

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, 2012, 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) 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) 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 and advances is 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 :

### 1 Name of associated company / undertaking : Arif Habib Corporation Limited

S.No.	Description	Investment in Securities		Loans, Advances & Corporate Guarantees	
		2023	2022	2023	2022
(a)	total investment approved;		-		1,500,000,000
(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;			Facility is in the nature of Running Finance to be availed as and 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:				
i	Loss / Earnings per share - basic & diluted	(2.38)	9.20	(2.38)	9.20
ii	Net (Loss) / Profit	(972,360,544)	3,757,718,851	(972,360,544)	3,757,718,851
iii	Shareholders Equity	20,469,173,995	23,833,719,196	20,469,173,995	23,833,719,196
iv	Total Assets	23,814,057,751	26,063,819,841	23,814,057,751	26,063,819,841
v	Break-up value	50.12	58.36	50.12	58.36
	<b>RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :</b>	<b>Unutilised</b>	<b>-</b>	<b>Sanctioned</b>	<b>1,500,000,000</b>

2 Name of associated company / undertaking : Safe Mix Concrete Products Limited

S.No.	Description	Investment in Securities		Loans, Advances & Corporate Guarantees	
(a)	total investment approved;	250,000,000		250,000,000	
(b)	amount of investment made to date;	94,300,696		-	
(c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time;	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 and 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 :	2023	2022	2023	2022
i	Earnings per share - basic & diluted	5.33	1.86	5.33	1.86
ii	Net Profit	133,370,457	46,456,349	133,370,457	46,456,349
iii	Shareholders Equity	274,294,662	229,201,263	274,294,662	229,201,263
iv	Total Assets	744,983,048	705,959,292	744,983,048	705,959,292
v	Break-up value	10.97	9.17	10.97	9.17
	<b>RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :</b>	<b>Unutilised</b>	<b>155,699,304</b>	<b>Sanctioned</b>	<b>250,000,000</b>

3 Name of associated company / undertaking : Power Cement Limited

S.No.	Description	Investment in Securities		Loans, Advances & Corporate Guarantees	
(a)	total investment approved;	1,107,000,000		1,000,000,000	
(b)	amount of investment made to date;	237,291,815		-	
(c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time;	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 and 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 :	2023	2022	2023	2022
i	Loss per share - basic & diluted	(0.19)	(0.62)	(0.19)	(0.62)
ii	Net Profit / (Loss)	168,993,000	(443,946,000)	168,993,000	(443,946,000)
iii	Shareholders Equity	17,568,027,000	17,283,455,000	17,568,027,000	17,283,455,000
iv	Total Assets	48,530,623,000	46,448,732,000	48,530,623,000	46,448,732,000
v	Break-up value	13.31	13.09	13.31	13.09
	<b>RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :</b>	<b>Unutilised</b>	<b>869,708,185</b>	<b>Sanctioned</b>	<b>1,000,000,000</b>

4 Name of associated company / undertaking : Aisha Steel Mills Limited

S.No.	Description	Investment in Securities		Loans, Advances & Corporate Guarantees	
(a)	total investment approved;	1,000,000,000		1,000,000,000	
(b)	amount of investment made to date;	410,630,156		-	
(c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time;	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 and 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 :	2023	2022	2023	2022
i	(Loss) / Earnings per share - basic & diluted	(3.56)	1.27	(3.56)	1.27
ii	Net (Loss) / Profit	(3,215,653,000)	1,146,113,000	(3,215,653,000)	1,146,113,000
iii	Shareholders Equity	15,691,751,000	14,035,553,000	15,691,751,000	14,035,553,000
iv	Total Assets	38,046,164,000	46,804,817,000	38,046,164,000	46,804,817,000
v	Break-up value	12.00	14.48	12.00	14.48
	<b>RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :</b>	<b>Unutilised</b>	<b>589,369,844</b>	<b>Sanctioned</b>	<b>1,000,000,000</b>

5 Name of associated company / undertaking : Javedan Corporation Limited

S.No.	Description	Investment in Securities		Loans, Advances & Corporate Guarantees	
(a)	total investment approved;	1,000,000,000		1,000,000,000	
(b)	amount of investment made to date;	412,117,240		-	
(c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time;	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 and 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 :	2023	2022	2023	2022
i	Earnings per share - basic & diluted	17.70	3.95	17.70	3.95
ii	Net Profit	6,741,951,000	1,505,145,000	6,741,951,000	1,505,145,000
iii	Shareholders Equity	25,921,679,000	19,354,900,000	25,921,679,000	19,354,900,000
iv	Total Assets	42,883,146,000	33,260,645,000	42,883,146,000	33,260,645,000
v	Break-up value	68.06	50.82	68.06	50.82
	<b>RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :</b>	<b>Unutilised</b>	<b>587,882,760</b>	<b>Sanctioned</b>	<b>1,000,000,000</b>

6 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 & Corporate Guarantees
(a) (b)	total investment approved; amount of investment made to date;	*See Below	*See Below
(c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time;	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	
(d)	and 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 D-1	
i	Loss / Earnings per share - basic & diluted	Details relating to existing REIT Schemes under management is disclosed in Annexure D-1	
ii	Net (Loss) / Profit		
iii	Total Unit Holders Fund		
iv	Total Assets		
v	Break-up value		
	<b>RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :</b>	Approval of limits for investments made in the nature of equity and loans shall be exhausted to the extent of investments 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.	

# STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT 2017

## ANNEXURE F

### 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.arifhabibltd.com/>).

# PATTERN OF SHAREHOLDING REPORT

As of June 30, 2023

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors, Chief Executive Director and their spouse(s) and minor children</b>			
MUHAMMAD HAROON	1	1,712	0.00
NIDA AHSAN	1	1,208	0.00
SHARMIN SHAHID	1	1,208	0.00
MOHSIN MADNI	1	550	0.00
MUHAMMAD SHAHID ALI	1	965	0.00
ZAFAR ALAM	1	75,110	0.11
MUHAMMAD SOHAIL SALAT	1	660	63.01
<b>Associated Companies, undertakings and related parties</b>			
	1	41,170,472	72.92
<b>NIT &amp; ICP</b>			
	-	-	-
<b>Banks Development Financial Institutions Non Banking Financial Institutions.</b>			
	1	59	0.00
<b>Insurance Companies</b>			
	1	23,916	0.04
<b>Modarabas and Mutual Funds</b>			
	1	3,850	0.01
<b>General Public</b>			
a) Local	3,449	15,659,403	23.97
a) Foreign	53	164,916	0.25
Foreign Companies	-	-	-
Others	47	1,757,921	2.69
<b>Totals</b>	<b>3,560</b>	<b>65,340,000</b>	<b>100.00</b>

Share Holder Holding 10% or more	Shares Held	Percentage
M/S ARIF HABIB CORPORATION	47,648,522	72.92



# CATEGORIES OF SHAREHOLDERS

As of June 30, 2023

Categories of Shareholders	Shareholdings' Slab		Total Share Held	
725	1	To	100	17,378
634	101	To	500	182,172
461	501	To	1000	349,267
1,174	1001	To	5000	2,644,422
235	5001	To	10000	1,698,858
114	10001	To	15000	1,401,547
60	15001	To	20000	1,048,537
33	20001	To	25000	749,382
23	25001	To	30000	643,293
16	30001	To	35000	527,268
15	35001	To	40000	572,298
8	40001	To	45000	335,468
10	45001	To	50000	472,640
6	50001	To	55000	324,355
7	55001	To	60000	406,696
2	60001	To	65000	126,800
4	65001	To	70000	264,702
2	70001	To	75000	142,050
1	75001	To	80000	75,110
2	80001	To	85000	162,650
2	85001	To	90000	179,700
3	90001	To	95000	279,440
1	95001	To	100000	96,617
1	100001	To	105000	104,000
1	105001	To	110000	105,050
1	110001	To	115000	113,000
1	115001	To	120000	118,800
1	125001	To	130000	126,000
1	130001	To	135000	132,000
2	135001	To	140000	277,200
1	160001	To	165000	164,554
1	190001	To	195000	191,000
1	195001	To	200000	197,500
2	215001	To	220000	436,500
1	220001	To	225000	224,950
1	250001	To	255000	253,000
1	320001	To	325000	321,500
1	325001	To	330000	330,000
1	425001	To	430000	427,500
1	455001	To	460000	457,274
1	500001	To	505000	501,800
1	505001	To	510000	509,200
1	47645001	To	47650000	47,648,522
<b>3,657</b>				<b>65,340,000</b>

## اعتراف:

ہم ان کے مسلسل اعتماد اور سرپرستی کے لئے کمپنی کے حصص یافتگان کا مشکور ہیں۔ ہم تمام اسٹیک ہولڈرز، ہماری پیرنٹ کمپنی، اسٹیٹ بینک آف پاکستان، سیکیورٹیز اینڈ سٹاک ایکسچینج کمیشن سے اپنی مخلصانہ تعریف ریکارڈ کرتے ہیں & پاکستان کا تبادلہ کمیشن اور ان کی اٹل حمایت اور رہنمائی کے لئے پاکستان اسٹاک ایکسچینج لمیٹڈ کا انتظام

ہم اس مدت کے دوران کمپنی کے تمام ٹیم ممبروں کی طرف سے کی جانے والی سخت محنت کو تسلیم اور ان کی تعریف کرتے ہیں۔ ہم بورڈ کمیٹیوں کے ممبروں کی بہت اہمیت کے حامل معاملات پر انتظامیہ کی حمایت اور رہنمائی میں قابل قدر شراکت اور فعال کردار کو بھی تسلیم کرتے ہیں

بورڈ آف ڈائریکٹرز کے لئے اور اس کی طرف سے

**Muhammad Shahid Ali**  
Chief Executive Officer and Executive Director

**Zafar Alam**  
Chairman

Karachi.

Dated: September 26, 2023

## بیلنس شیٹ کی تاریخ کا واقعہ / منافع:

بورڈ آف ڈائریکٹرز نے روپے 2.5/- فی شیئر جس کی رقم 163.35 ملین روپے بے کا حتمی نقد منافع 26 ستمبر 2023 کو ہونے والے اس کے اجلاس میں تجویز کیا ہے، 28 اکتوبر 2023 کو ہونے والے سالانہ عام اجلاس میں ممبران کی منظوری کے لیے۔

### متعلقہ پارٹی کا لین دین

فہرست سازی کے ضوابط کی ضروریات کی تعمیل کرنے کے لئے، کمپنی نے آڈٹ کمیٹی اور بورڈ کے سامنے تمام متعلقہ پارٹی لین دین کو ان کے جائزے اور منظوری کے لئے پیش کیا ہے۔ ان لین دین کو آڈٹ کمیٹی اور بورڈ نے اپنی متعلقہ میٹنگوں میں منظور کیا ہے۔ پارٹی سے متعلق تمام لین دین کی تفصیلات منسلک آڈٹ شدہ مالی بیانات کے نوٹ 34 اور 35 میں فراہم کی گئی ہیں۔

## آڈیٹرز:

ریٹائر ہونے والے آڈیٹر ایم / ایس۔ چارٹرڈ اکاؤنٹنٹس، رحمن ساریفراز رحیم اقبال رفیق نے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ بورڈ ان کی دوبارہ تقرری اور ایم / ایس کی تقرری کی تجویز پیش کرنے والی ایک قرارداد کی سفارش کرتا ہے۔ مالی سال 2023-24 کے لئے کمپنی کے آڈیٹر کی حیثیت سے ریحمان ساریفراز رحیم اقبال رفیق منظوری کے لئے آئندہ سالانہ جنرل اجلاس میں پیش کیا جائے گا۔

## مستقبل کے امکانات:

آپ کی کمپنی کے مستقبل کے امکانات کمپنی کے مارکیٹ شیئر کو بڑھانے کے لیے انتظامیہ کی کوششوں اور ڈیجیٹل آن بورڈنگ کے ذریعے اس کے تمام کاروباری حصوں خاص طور پر آن لائن اور ریٹیل ڈویژن میں وسیع تر شرکت کی وجہ سے امید افزا ہیں۔ ہماری نئی ایپ اور ویب پر مبنی تجارتی نظام ممکنہ طور پر ہمارے کلائنٹ بیس کو بڑھانے اور ہمارے کلائنٹس کے تجارتی تجربے کو بہتر بنانے میں مدد کرے گا۔ کمپنی اپنے موجودہ کلائنٹس کے ساتھ ساتھ ممکنہ ملکی اور غیر ملکی کلائنٹس سے کمپنی کے پریمیم سوٹ آف سروسز کے ذریعے ان کے ساتھ تعلقات کو بڑھا کر بہتر حجم حاصل کرنے کی کوشش کر رہی ہے۔ اس میں کمپنی کی اعلیٰ معیار کی تحقیق کو بڑھانے کے ذریعے نئی مصنوعات اور خدمات کی پیشکش بھی شامل ہے۔

انتظامیہ نئی ایکویٹی اور قرض کی فہرستوں، انضمام اور حصول، پرائیویٹ طور پر رکھے گئے TFCS اور سکوک کے ساتھ ساتھ رائٹ شیئرز کے ذریعے ایکویٹی بڑھانے کی ایڈوائزی اور انڈر رائٹنگ کی وجہ سے سرگرمی میں اضافے کی پیش گوئی بھی کرتی ہے جس کے لیے انوسٹمنٹ بینکنگ ڈویژن اچھی طرح سے لیس ہے۔

سال کے دوران، بورڈ آف ڈائریکٹرز نے انتظامیہ کو یہ اختیار دیا تھا کہ وہ AHL کے ذریعے کیے جانے والے کاروبار کی کارپوریٹ تنظیم نو کے لیے شرائط کا جائزہ لے اور تجویز کرے۔ جمعہ، 28 اپریل 2023 کو کراچی میں ہونے والی اپنی میٹنگ میں بورڈ آف ڈائریکٹرز نے انتظامیہ کو اختیار دیا ہے کہ وہ AHL کی جانب سے کیے جانے والے کاروبار کی کارپوریٹ تنظیم نو / تنظیم نو کے لیے شرائط کا جائزہ لے اور تجویز کرے، جس میں ممکنہ طور پر اس کی ہولڈنگ کمپنی یعنی عارف حبیب کارپوریشن کو شامل کرنا شامل ہے۔ لمیٹڈ، جس کا مقصد کاروباری کاموں میں ہم آہنگی حاصل کرنے کے لیے مختلف قابل عمل اختیارات کا جائزہ لینا ہے۔ انتظامیہ کو ہدایت کی جاتی ہے کہ تمام تفصیلات کو حتمی شکل دینے کے بعد اپنی تجاویز بورڈ آف ڈائریکٹرز اور شیئر ہولڈرز کو غور اور منظوری کے لیے پیش کریں۔

مینجمنٹ کو یقین ہے کہ کمپنی کا ایکویٹی اور پرائیویٹ انوسٹمنٹ پورٹ فولیو ممکنہ طور پر اچھے نتائج کا مظاہرہ کرے گا، کیونکہ معیشت اور مارکیٹ فائدہ مند سرمایہ کاری کے مواقع پیش کرتے رہتے ہیں۔

Mr. Muhammad Sohail Salat	4	4
---------------------------	---	---

بورڈ اور کمیٹی کے اجلاسوں میں شرکت نہ کرنے والے ممبروں کو عدم موجودگی کی اجازت دی گئی

### ڈائریکٹرز اور ایگزیکٹوز کے ذریعہ کمپنی کے حصص میں تجارت

سال کے دوران کمپنی کے حصص میں تجارت ڈائریکٹرز ، سی ای او ، سی ایف او ، کمپنی سیکریٹری اور ان کے شریک حیات اور نابالغ بچوں نے کی

Name of Director	Designation	Shares Bought	Shares Sold	Remarks
Mr. Zafar Alam	Chairman	-	110	-
Mr. Muhammad Sohail Salat	Director	-	-	-
Ms. Sharmin Shahid	Director	-	-	-
Mr. Mohsin Madni	Director	-	-	-
Mr. Muhammad Haroon	Director	-	-	-
Ms. Nida Ahsan	Director	-	-	-
Mr. Muhammad Shahid Ali	Chief Executive Officer	-	-	-
Mr. Muhammad Taha Siddiqui	Chief Financial Officer & Company Secretary	-	-	-
Spouses	-	-	-	-
Minor Children	-	-	-	-

### آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی بورڈ کے ذریعہ منظور شدہ حوالہ کی شرائط کے مطابق موثر انداز میں اپنے فرائض اور ذمہ داریاں نبھاتی رہی۔ کمیٹی کی تشکیل بھی اس رپورٹ کے ساتھ منسلک کی گئی ہے

### کارپوریٹ اور سیکریٹری تعویل

کمپنی کے سیکریٹری نے کمپنیوں کے رجسٹرار کے پاس دائر سالانہ واپسی کے حصص کے طور پر سیکریٹری تعویل سرٹیفکیٹ پیش کیا ہے تاکہ اس بات کی تصدیق کی جاسکے کہ کمپنیوں ایکٹ ، 2017 کی سیکریٹری اور کارپوریٹ ضروریات، کمپنی کی ایسوسی ایشن کے میمورنڈم اور مضامین ، فہرست سازی کے ضوابط اور درج کمپنیوں (کارپوریٹ گورننس کا کوڈ) کے ضوابط ، 2019 کی مستقل تعویل کی گئی ہے

### اخلاقیات اور کاروباری طرز عمل

کارپوریٹ گورننس کے رہنما خطوط کے مطابق ، کمپنی نے تعویل کے لئے ” اخلاقیات کا کوڈ ” گردش کیا ہے۔ اس پر کمپنی کے تمام ڈائریکٹرز اور ملازمین نے دستخط کیے ہیں جس میں ان کی تفہیم اور ضابطہ کی قبولیت کو تسلیم کیا گیا ہے

### شیئر ہولڈنگ کا نمونہ

جون ، 2023 کو کمپنی کے حصص یافتگان کے شیئر ہولڈنگ اور زمرے کے تفصیلی نمونہ ، جیسا کہ فہرست سازی کے ضوابط کے تحت 30 درکار ہے ، اس سالانہ رپورٹ میں شامل کیا گیا ہے

### اسٹیک ہولڈرز کو معلومات

پچھلے سالوں کے کلیدی آپریٹنگ اور مالی اعداد و شمار کا خلاصہ کیا گیا ہے اور صفحہ نمبر [ ] پر پیش کیا گیا ہے

## کارپوریٹ گورننس کا کوڈ

کمپنی کا بورڈ اینڈ مینجمنٹ اس بات کو یقینی بنانے کے لئے پرعزم ہے کہ کارپوریٹ گورننس کے کوڈ کی ضروریات کو پوری طرح سے پورا کیا جائے۔ کمپنی نے کارپوریٹ گورننس کے مضبوط طریقوں کو اپنایا ہے جس کا مقصد مالی اور غیر مالی معلومات کی درستگی، جامعیت اور شفافیت کو بڑھانا ہے۔

ڈائریکٹرز یہ اطلاع دیتے ہوئے خوش ہیں کہ

- کمپنی کے انتظام کے ذریعہ تیار کردہ مالی بیانات اس کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکوٹی میں تبدیلی پیش کرتے ہیں۔
  - کمپنی کے اکاؤنٹ کی مناسب کتابیں برقرار رکھی گئی ہیں۔
  - سیمالی بیانات کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیاں مستقل طور پر لاگو کی گئیں اور اکاؤنٹنگ کا تخمینہ معقول اور دانشمندانہ فیصلے پر مبنی ہے۔
  - بین الاقوامی مالیاتی رپورٹنگ معیارات، جیسا کہ پاکستان میں قابل اطلاق ہیں، مالی بیانات کی تیاری میں عمل کیا گیا ہے۔
  - داخلی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اس پر موثر انداز میں عمل درآمد اور نگرانی کی گئی ہے۔
  - جاری تشویش کے طور پر جاری رکھنے کی کمپنی کی صلاحیت پر کوئی خاص شکوک و شبہات نہیں ہیں۔
  - کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی روانگی نہیں ہوئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے۔
  - کمپنی کے پاس ٹیکس، فرائض، محصولات اور چارجز کی قانونی ادائیگی کی وجہ سے بیلنس شیٹ کی تاریخ کی طرح کوئی بقایا ذمہ داری نہیں ہے۔
  - سال کے دوران بروکر کے ذریعہ کوئی لین دین نہیں ہوا ہے جو دھوکہ دہے، غیر قانونی یا سیکورٹیز مارکیٹ کے کسی بھی قوانین کی خلاف ورزی ہے۔
  - کوئی بقایا ذمہ داری نہیں ہے۔ k. کمپنی نے روپے کی رقم ادا کر دی ہے۔ کمپنی اور کمپنی کے ملازمین کے پروویڈنٹ فنڈ میں 10,658,679۔
- کیونکہ سال کے آخر میں پروویڈنٹ فنڈ کا انتظام الگ اعتماد سے ہوتا ہے۔

## بورڈ میں تبدیلیاں

زیر جائزہ سال کے دوران، بورڈ کے ڈھانچے میں کوئی تبدیلی نہیں ہوئی۔

## ڈائریکٹرز معاوضہ پالیسی

وہ غیر ایگزیکٹو ڈائریکٹر جن میں عارف حبیب لمیٹڈ کے آزاد ڈائریکٹرز شامل ہیں جو کسی بھی گروپ کمپنی میں سینئر ایگزیکٹو یا مینجمنٹ پوزیشن یا ڈائریکٹرشپ نہیں رکھتے ہیں وہ بورڈ آف میں شرکت کے لئے میٹنگ فیس کا دعویٰ کرسکتے ہیں بورڈ آف ڈائریکٹرز کے ذریعہ وقتاً فوقتاً منظور شدہ شرح پر ڈائریکٹرز کا اجلاس یا کوئی بھی بورڈ ذیلی کمیٹی اجلاس۔ کسی بھی ڈائریکٹر کے ذریعہ اضافی خدمات کی تفویض کے خلاف معاوضے کی ادائیگی کا تعین بورڈ آف ڈائریکٹرز کے ذریعہ مارکیٹ میں معیارات اور کام کے دائرہ کار کی بنیاد پر کیا جائے گا اور کمپنی کے آرٹیکل آف ایسوسی ایشن کے ذریعہ اجازت کے مطابق ہوگا۔ معاوضے کی سطح بھی مناسب اور ذمہ داری اور مہارت کی سطح کے مطابق ہوگی۔ تاہم، ایک آزاد ڈائریکٹر کے لئے، یہ اس سطح پر نہیں ہوگا جس کو آزادی سے سمجھوتہ کرنے کا سمجھا جاسکتا ہے۔

## بورڈ اور آڈٹ کمیٹی کے اجلاس اور حاضری

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کی چار میٹنگیں اور آڈٹ کمیٹی کے چار اجلاس 01 جولائی، 2022 سے 30 جون، 2023 تک منعقد ہوئے۔ بورڈ اور آڈٹ کمیٹی کے ممبروں کی حاضری مندرجہ ذیل تھی

Name of Director	Board Meeting	Audit Committee Meeting
Mr. Zafar Alam	4	N/ A
Ms. Sharmin Shahid	4	N/A
Ms. Nida Ahsan	4	N/A
Mr. Muhammad Haroon	4	4
Mr. Mohsin Madni	4	4
Mr. Muhammad Shahid Ali	4	N/A



- بہترین سرمایہ کاری بینک Asiamoney 32022
- فنانس ایشیا کنٹری ایوارڈ - Domestic 2022 - بہترین انویسٹمنٹ بینک4
- بہترین بروکیج ہاؤس - 2022 - بین الاقوامی خزانہ5
- بہترین ایکویٹی ہاؤس - پاکستان - 2022 - عالمی کاروباری آؤٹ لک6
- The European - سب سے جدید مالیاتی مارکیٹ بروکیج: 72022
- The European - سب سے زیادہ قابل اعتماد فاریکس بروکر: 82022
- The European - 2022: ٹک ایپ AHL - بہترین فاریکس موبائل ایپ9
- سوسائٹی پاکستان CFA - سال 2022 کا بہترین کارپوریٹ فنانس ہاؤس-10
- سوسائٹی پاکستان CFA - سال 2022 کا بہترین ایکویٹی بروکیج ہاؤس-11
- سوسائٹی پاکستان CFA - سال 2022 کا بہترین اقتصادی ریسرچ ہاؤس-12
- سوسائٹی پاکستان CFA - سال 2022 کا بہترین ایکویٹی تجزیہ کار-13

## کریڈٹ ریٹنگ

کی دوبارہ تفویض کردہ ہستی کی درجہ بندی کی گئی ہے۔ (وی آئی 'AA- / A-1' کمپنی کو وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ کے ذریعہ ایس)۔ تفویض کردہ درجہ بندی کے بارے میں نقطہ نظر 'مستحکم' ہے۔ اس سرٹیفیکیشن نے مستقل نمو کے لئے انتظامیہ کے وژن پر مزید زور دیا ہے کی ساکھ اور استحکام کے حوالے سے مزید اعتماد فراہم کرے گا "Arif Habib" اور توقع کی جاتی ہے کہ وہ کمپنی کے برانڈ

## مینجمنٹ ریٹنگ

کی انتظامی درجہ بندی تفویض کی ہے۔ تفویض کردہ درجہ بندی BMR1 کمپنی کو پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (بی اے سی آر اے) نے کے بارے میں نقطہ نظر 'مستحکم' ہے۔ اس سرٹیفیکیشن نے مضبوط کنٹرول اور حکمرانی کے فریم ورک کو برقرار رکھنے میں کمپنی کی صلاحیت کی توثیق کی ہے ، کلائنٹ کی خدمت کے اوزار کی اپ ڈیٹ جاری رکھے ہوئے ہے، اور خطرات کی محتاط نگرانی بنیادی طور پر سرمایہ کاری کی سرگرمیوں سے پیدا ہونے والی لیکویڈیٹی اور دلچسپی کا تنازعہ

## رسک مینجمنٹ

ہمارے کاروبار میں خطرات ناگزیر ہیں اور اس میں لیکویڈیٹی ، مارکیٹ ، کریڈٹ ، آپریشنل ، قانونی ، ریگولیٹری اور دوبارہ استعمال کے خطرات شامل ہیں۔ اے ایچ ایل کی رسک مینجمنٹ گورننس کا آغاز ہمارے بورڈ سے ہوتا ہے ، جو رسک مینجمنٹ کی پالیسیوں اور طریقوں کا جائزہ لینے اور ان کی منظوری میں لازمی کردار ادا کرتا ہے

ہمارا رسک مینجمنٹ فریم ورک اور سسٹم دیرینہ ، معیاری اور بہت مضبوط ہیں۔ ہم سمجھتے ہیں کہ کمپنی کی کامیابی کے لئے مؤثر رسک مینجمنٹ بنیادی اہمیت کا حامل ہے۔ اس کے مطابق ، ہم نے رسک مینجمنٹ کے جامع عمل کا آغاز کیا ہے جس کے ذریعے ہم اپنی سرگرمیوں کو انجام دینے میں اپنے خطرات کی نگرانی ، تشخیص اور ان کا نظم کرتے ہیں۔ متعدد لین دین ، مصنوعات ، کاروباری اداروں اور مارکیٹوں میں جس میں ہم نمٹتے ہیں اس میں خطرہ کو کنٹرول کرنے کے لئے حدود کا ایک سخت فریم ورک لاگو ہوتا ہے۔ اس میں متعدد سطحوں پر کریڈٹ اور مارکیٹ رسک کی حدود طے کرنا اور باقاعدگی سے ان حدود کی نگرانی شامل ہے

## مادیت کے نقطہ نظر کو اپنایا گیا

بورڈ آف ڈائریکٹرز کمپنی کے تمام مادی امور کی قریب سے نگرانی کرتے ہیں۔ عام طور پر ، معاملات کو مادی سمجھا جاتا ہے اگر ، انفرادی طور پر یا مجموعی طور پر ، ان سے توقع کی جاتی ہے کہ وہ پالیسی کے مطابق کمپنی کی کارکردگی اور منافع کو نمایاں طور پر متاثر کریں گے

## کارپوریٹ سماجی ذمہ داری

آپ کی کمپنی نے متعدد مخیر سرگرمیوں کے ذریعہ معاشرتی طور پر ذمہ دار تنظیم کی حیثیت سے معاشرے اور کاروباری برادری کے لئے اپنی شراکت جاری رکھی۔ اے ایچ ایل اپنی کارپوریٹ سماجی ذمہ داری کی تکمیل کے لئے پرعزم ہے اور صحت کی دیکھ بھال ، تعلیم ، ماحولیات اور معاشرتی بہبود پر توجہ مرکوز کرنے والے منصوبوں میں اپنی شمولیت کو جاری رکھے ہوئے ہے۔ ہمارا مقصد مستقبل میں بھی ایسی عمدہ وجوہات میں اپنی شمولیت اور شراکت کو جاری رکھنا ہے

کمپنی کی طرف سے دیئے گئے شراکت کی تفصیلات صفحہ نمبر پر پیش کی گئیں۔ 16

سے زیادہ تعداد کھولنے اور انہیں کیپیٹل مارکیٹ کے مواقع سے منسلک رکھنے پر بہت فخر ہے۔ تحقیقی ٹیم ہمارے کلائنٹس کو ویلیو ایڈڈ خدمات فراہم کرنے میں کافی اہم کردار ادا کرتی ہے جیسے کہ درج کارپوریٹس اور معیشت پر ہمارے جامع بنیادی تحقیقی نوٹ۔ ہم اپنی کمپلائنس ٹیم کو بھی کریڈٹ دینا چاہیں گے جو کھاتہ کھولنے کی بڑھتی ہوئی تعداد کے درمیان KYC/AML پر تندی سے کام کر رہی ہے۔ ہم اپنے سیٹلمنٹ ڈپارٹمنٹ کی انتھک کوششوں کو بھی تسلیم کرتے ہیں کہ ان کی بستیوں کو بغیر کسی تاخیر کے تیزی سے ہینڈل کیا گیا۔

ہمارے منی مارکیٹ ڈیسک نے روپے کی بروکیج ریونیو ریکارڈ کر کے ایک شاندار کارکردگی پیش کی۔ 116 ملین (YoY %23+)، جو کہ 2013 میں اس کے قیام کے بعد سے اب تک کی سب سے زیادہ ریونیو کارکردگی ہے۔

اللہ تعالیٰ کے فضل و کرم سے اے ایچ ایل کو ایک بار پھر عالمی اور مقامی اداروں کی جانب سے بے شمار اعزازات سے نوازا گیا۔ مالی سال 23 میں اے ایچ ایل کے جیتنے والے کچھ بڑے ایوارڈز میں سی ایف اے سوسائٹی کا 'بہترین ایکویٹی بروکیج ہاؤس' کا ایوارڈ، ایشیا منی کا 'بیسٹ سیکیورٹیز ہاؤس'، فائننس ایشیا کا 'پاکستان میں بہترین بروکر'، انٹرنیشنل فنانس کا 'بہترین بروکیج ہاؤس'، شامل ہیں۔ گلوبل فنانس کی طرف سے بہترین ایکویٹی ہاؤس، 'موسٹ انویٹیو فنانشل مارکیٹ بروکیج 2022' اور 'موسٹ ٹرسٹڈ فاریکس بروکر: 2022' دی یورپین۔

### سرمایہ کاری بینکنگ آپریشن:

ہمارے انویسٹمنٹ بینکنگ آپریشنز نے کل آمدنی Rs. 343.4 ملین، جو کہ FY22 کے مقابلے میں 16% کی کمی ہے۔ کمی کی بنیادی وجہ مرکزی بورڈ میں Globe Residency REIT کے ایک IPO کے ساتھ خشک IPO سرگرمی ہے جسے آپ کی فرم نے انجام دیا تھا۔ FY23 میں انویسٹمنٹ بینکنگ ریونیو میں پرائیویٹ طور پر رکھے گئے TFCS اور سکوک کے ساتھ ساتھ انضمام اور حصول، رائٹ شیئرز کے ذریعے ایکویٹی بڑھانے کی ایڈوائزری اور انڈر رائٹنگ شامل تھے۔ ہمیں آپ کے ساتھ یہ بتاتے ہوئے خوشی ہو رہی ہے کہ آپ کی کمپنی ایک چینجنگ ماحول میں مارکیٹ لیڈر بنی ہوئی ہے۔ ہم بورس میں کئی نئی فہرستوں کی پیشین گوئی کرتے ہیں اور پراعتماد ہیں کہ AHL اپنی مارکیٹ لیڈر شپ کی پوزیشن کو برقرار رکھے گا اور مزید آئی پی اوز لائے گا، لین دین کی واپسی اور M&A ڈیلز کو مارکیٹ میں لائے گا۔

سرمایہ کاری بینکنگ ڈویژن کے شعبے میں ہماری مسلسل کارکردگی کو بین الاقوامی اداروں جیسے کہ یورو منی، فنانس ایشیا اور دی ایسٹ نے تسلیم کیا۔ اے ایچ ایل کو یورومنی کی جانب سے "بہترین سرمایہ کاری بینک 2023"، "ایشیامونی" کی جانب سے "بہترین سرمایہ کاری بینک 2022" کے ایوارڈ سے نوازا گیا۔ مزید، اے ایچ ایل نے "فائننس ایشیا" کنٹری ایوارڈز 2022 کی طرف سے "بہترین سرمایہ کاری بینک - ڈومیسٹک 2022" کا ایوارڈ سوسائٹی سے "بہترین کارپوریٹ فنانس ہاؤس (ایکوئٹیز)" جیت کر CFA حاصل کیا ہے۔ آپ کی کمپنی نے مسلسل 9 ویں سال (2014-2022) تاریخ رقم کی ہے۔ پاکستان

انتظامیہ نے نئی ایکویٹی / قرضوں کی فہرستوں اور انضمام اور حصول اور نجی ایکویٹی سرمایہ کاری کے شعبوں میں بڑھتی ہوئی سرگرمی کی پیش گوئی کی ہے۔ ہم اپنے قابل قدر مؤکلوں کو بہترین خدمات فراہم کر کے اپنے مارکیٹ شیئر کو مزید وسعت دینے پر بھی اعتماد رکھتے ہیں

### ایوارڈز اور پہچان:

ہم یہ اعلان کرنے میں بے حد فخر محسوس کرتے ہیں کہ کمپنی کی کارکردگی کو بین الاقوامی شہرت یافتہ تنظیموں جیسے یورومنی، اسیامونی نے تسلیم کیا ہے، فنانس ایشیا اور اثاثہ اور مالی سال 23 میں مقامی طور پر مشہور تنظیم سی ایف اے سوسائٹی پاکستان کا بہت احترام کیا جاتا ہے۔ اس سال اے ایچ ایل نے مندرجہ ذیل ایوارڈز جیت لئے

Euromoney - پاکستان کا بہترین سرمایہ کاری بینک 12023  
- کے لئے پاکستان میں بہترین سیکیورٹیز ہاؤس Asiamoney 22022



## ڈائریکٹرز ' رپورٹ

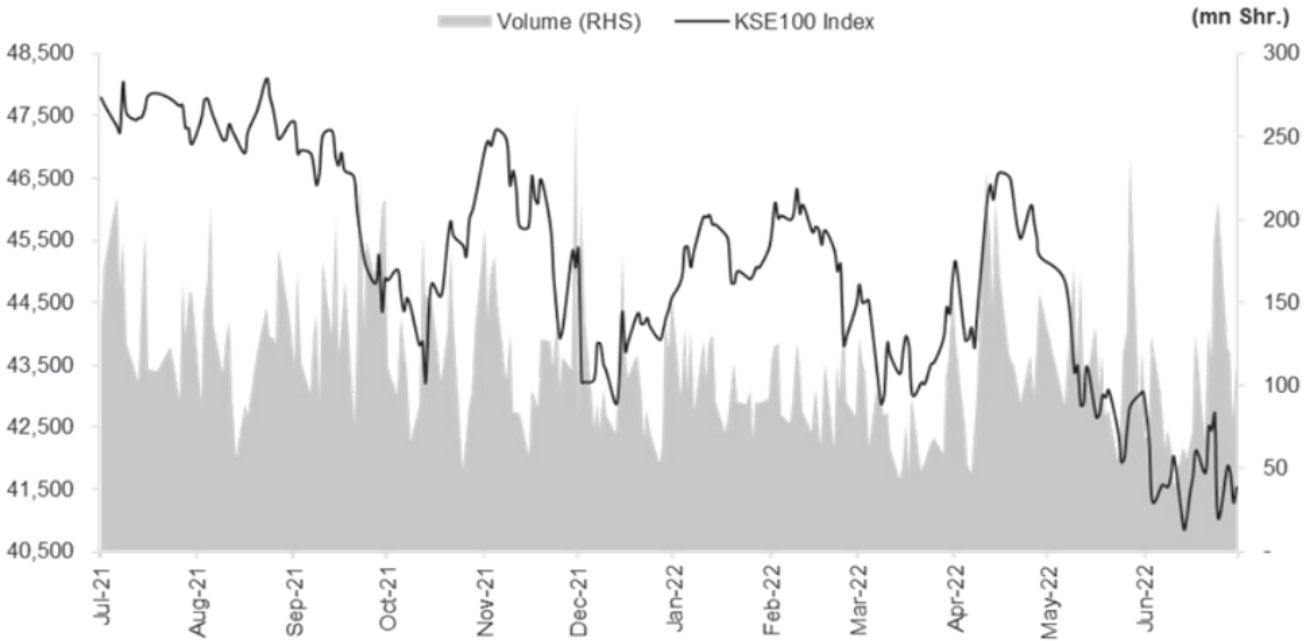
کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے، مجھے 30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ اکاؤنٹنگ، ریگولیٹری اور قانونی کے مطابق سال کے لیے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ پیش کرتے ہوئے بے حد خوشی ہو رہی ہے۔ معیارات اور ضروریات۔

### معاشی کارکردگی:

FY23 کو ملک کے لیے دہائیوں میں سب سے مشکل دور کے طور پر یاد کیا جائے گا۔ سال کے دوران تقریباً تمام میکرو اکنامک اشاریے بگڑ گئے جب مئی 23 میں CPI نے 38.0% ریکارڈ کیا (ڈیٹا دستیاب ہونے کے بعد سے سب سے زیادہ) اور FY23 میں اوسطاً 29.1%، مرکزی بینک کو پالیسی کی شرح میں 825bps کا ریکارڈ اضافہ کرنے پر مجبور کیا۔ اعلیٰ 22.0% ریکارڈ بلند شرح سود اور بڑھتے ہوئے موجودہ اخراجات نے مالیاتی خسارہ ریکارڈ (GDP کا 7.7%) تک پہنچا دیا۔ بیرونی محاذ پر حالات کچھ بہتر نہیں تھے کیونکہ قرضوں کی ادائیگی اور بیرونی رقم کی کمی کے درمیان آئی ایم ایف کے ساتھ مسلسل تعطل کے باعث ذخائر خطرناک حد تک کم ہو گئے USD 2.9bn کی سطح (بمشکل 3 ہفتوں کے درآمدی احاطہ)۔ نتیجتاً روپیہ امریکی ڈالر کے مقابلے میں 28 فیصد تک گر گیا۔ اگر مرکزی بینک نے درآمدات کو روکنے کے لیے سنجیدہ انتظامی اقدامات نہ کیے ہوتے تو بیرونی کھاتوں کی صورتحال مزید خراب ہو سکتی تھی۔ مالیاتی اور بیرونی کھاتوں کی ایک چیلنجنگ پوزیشن کے پس منظر میں، حقیقی شعبے کو بھی جی ڈی پی کی نمو 0.29 فیصد کی معمولی کمی کے ساتھ نقصان اٹھانا پڑا کیونکہ کمزور مانگ اور خام مال کی درآمدات پر پابندی کی وجہ سے صنعتی پیداوار میں کمی (ایل ایس ایم میں 10.26 فیصد کمی) ہوئی تھی۔ ان میکرو کمزوریوں کے درمیان ایک چاندی کی پرت آئی ایم ایف کے ساتھ جون میں ایک نئے 9 ماہ کے اسٹینڈ بائی معاہدے پر پیش رفت تھی، جس نے USD 1.0bn کی پہلی قسط اور دوست ممالک سے مزید USD 3.2bn کے بہاؤ کی راہ ہموار کی۔ جو آئی ایم ایف کی توثیق سے منسلک تھے۔ نتیجے کے طور پر، FX کے ذخائر کئی سالوں کی کم ترین سطح سے تقریباً 8.6bn امریکی ڈالر تک پہنچ گئے اور فی الحال USD 7.6bn (7 ہفتوں کے درآمدی احاطہ) کے ارد گرد منڈلا رہے ہیں۔ آئی ایم ایف معاہدے نے نگران حکومت کو سانس لینے کے لیے انتہائی ضروری جگہ اور سمت بھی فراہم کی ہے جو کہ نئے مردم شماری کے نتائج کے نوٹیفیکیشن کے بعد طویل مدت تک رہنے کی توقع ہے۔

### اسٹاک مارکیٹ کی کارکردگی:

مالی سال 23 میں، پاکستان کی اسٹاک مارکیٹ پورے سال کے دوران ایک مشکل معاشی ماحول اور سیاسی غیر یقینی صورتحال کے درمیان فلیٹ رہی۔ مختلف بیرونی اور میکرو اکنامک عوامل سے پیدا ہونے والے غیر یقینی واقعات کی وجہ سے ایکویٹی مارکیٹ نے بہت زیادہ اتار چڑھاؤ کا تجربہ کیا، جس نے سرمایہ کاروں کے جذبات پر منفی اثر ڈالا۔ ان عوامل میں بیرونی کھاتوں کی بگڑتی ہوئی پوزیشن، IMF پروگرام کے دوبارہ شروع ہونے میں تاخیر، مالیاتی خسارے میں نمایاں اضافہ، ریکارڈ بلند افراط زر اور 825 بیسس پوائنٹس کا خاطر خواہ پالیسی شرح اضافہ، شرحیں 22.0% کی تاریخی بلند ترین سطح پر پہنچنا شامل ہیں۔



بینچ مارک کے ایس ای 100 انڈیکس نے مالی سال 23 کو 41,453 پوائنٹس پر بند کر دیا ، -0.2% / 88 پوائنٹس YoY. مالی سال 22 کے دوران -32.5 فیصد کے مقابلے میں ، کھڑی پی کے آر فرسودگی نے امریکہ \$ پر مبنی واپسی کو منفی 28.5 فیصد تک لے لیا۔ چونکہ مختلف خارجی اور معاشی اشارے جنوب کی طرف رجوع کرتے ہیں ، مارکیٹ میں شرکت غیر معمولی رہی جس کی اوسط مقدار 34% یو وائی سے 192 ملین حصص تک ہے جبکہ اوسط تجارت کی قیمت 54 فیصد امریکی ڈالر \$ 25 ملین ہو گئی ہے۔ ٹیکسٹائل بنائی (-48% YoY) ، کیبل اور الیکٹریکل (-43% YoY) ، دواسازی (-41% YoY) ، متفرق (-40% YoY) ، آٹو پارٹس (-39% YoY) ، ٹرانسپورٹ (-31.7% YoY) ، اور ریفائٹری (-27.5% YoY) وغیرہ مالی سال 23 کے دوران بڑے انڈرپرفارمز تھے۔ اس کے برعکس ، لیز (+192% YoY) ، شوگر (+67% YoY) ، مصنوعی (+62% YoY) ، سرمایہ کاری بینک (+27% YoY) پاور جنریشن (+26% YoY) ، جائداد غیر منقولہ (+15% YoY) ، ٹیکنالوجی (+4% YoY) ، سیمنٹ (+12% YoY) ، کھاد (+8% YoY) ، اور تیل اور گیس کی تلاش (+15% YoY) وغیرہ نمایاں طور پر آؤٹفارمز رہے۔

غیر ملکی سرمایہ کار 2 ملین امریکی ڈالر (FY22: US\$ -298 ملین) کی خالص آمد کے ساتھ مسلسل سات سال کے خالص اخراج کے بعد معمولی خالص خریدار رہے جو بنیادی طور پر (i) ٹیکنالوجی (US\$43 ملین) ، (ii) تیل اور گیس کی تلاش پر مرکوز رہے۔ (27 ملین امریکی ڈالر) ، (iii) بجلی کی پیداوار (6 ملین امریکی ڈالر) ، (iv) تیل اور گیس کی مارکیٹنگ (5 ملین امریکی ڈالر) ، اور (v) ٹیکسٹائل (3 ملین امریکی ڈالر)۔ اس کے برعکس ، غیر ملکی (i) کمرشل بینکوں (امریکی ڈالر 54 ملین) ، (ii) کھاد (US\$ 10 ملین) ، (iii) خوراک (US\$3 ملین) ، اور (iv) سیمنٹ (US\$1 ملین) میں خالص فروخت کنندگان تھے۔

## مالی کارکردگی:

ہمیں آپ کے ساتھ یہ بتاتے ہوئے خوشی ہو رہی ہے کہ مالی سال 23 کے لیے AHL کی مالی کارکردگی متعدد مشکلات کے باوجود پورے بورڈ میں مضبوط رہی ہے۔ آپ کی کمپنی نے روپے کی بروکریج آمدنی حاصل کی۔ 471.21 ملین اور انوسٹمنٹ بینکنگ ریونیو روپے 343.5 ملین بروکریج اور انوسٹمنٹ بینکنگ اور ایڈوائزری سے آپریٹنگ ریونیو روپے ریکارڈ کیا گیا۔ FY23 میں 878.0 ملین روپے کے مقابلے میں مالی سال 22 میں 977.4 ملین ، سالانہ 10 فیصد کمی۔ مارکیٹ کی کم قیمتوں اور زیادہ اتار چڑھاؤ کے درمیان ٹریڈ ویلیو میں 36.5% کمی اور سبکدوش ہونے والے مالی سال میں مین بورڈ پر صرف ایک IPO کے پس منظر میں کارکردگی قابل ستائش ہے۔

مارکیٹ کے بگڑتے حالات کی وجہ سے قلیل مدتی سرمایہ کاری کا پورٹ فولیو بھی متاثر ہوا ، تاہم ، یہ ہمارے ریئل اسٹیٹ انوسٹمنٹ پورٹ فولیو پر حقیقی اور غیر حقیقی فوائد سے پورا ہوا جس کے نتیجے میں مجموعی طور پر 8.0 ملین روپے کی آمدنی ہوئی۔

اے ایچ ایل اپنی خدمات کو بہتر بنانے کے لیے مسلسل کام کر رہا ہے اور اس نے اپنے صارفین کی بہتر خدمت کے لیے ٹیکنالوجی اور افرادی قوت میں سرمایہ کاری کی ہے۔ اگرچہ اس کے نتیجے میں مقررہ اخراجات زیادہ ہوئے ہیں ، آپ کی کمپنی آپریٹنگ اخراجات میں اضافے کو 4.7% YoY تک محدود کرنے میں کامیاب رہی ہے۔ کمپنی کی مالیاتی لاگت میں 223.5 فیصد اضافہ ہوا جس کی وجہ مرکزی بینک کی طرف سے جارحانہ مالیاتی سختی کے درمیان سود کی بلند شرحوں کے ساتھ ساتھ بہتر مواقع میں کمپنی کی سرمایہ کاری کو متنوع بنانے کے لیے قرض لینے کی لائنوں کے استعمال میں اضافہ ہے۔

## بروکریج آپریشنز:

بروکریج آپریشنز نے مجموعی طور پر 471 ملین روپے کی آمدنی پوسٹ کی۔ مالی سال 23 میں 471 ملین ، جو مالی سال 22 کے مقابلے میں 8.9 فیصد کم ہے حالانکہ تجارت شدہ اقدار میں 36.5% YoY کمی واقع ہوئی ہے۔ ہم نے بڑھتی ہوئی خوردہ اور آن لائن مارکیٹ میں اعلیٰ دخول کے ذریعے اپنے مارکیٹ شیئر کو بڑھانے کے لئے شعوری کوششیں کیں۔ مزید یہ کہ ہم نے تاجروں کو بہتر خدمات کے ادارہ جاتی اور HNWI مؤکلوں میں شامل کیا ہے جس کے نتیجے میں ہمارے مجموعی مارکیٹ شیئر میں اضافہ ہوا ہے۔

ہمارے آئی ٹی ڈیپارٹمنٹ نے ہمارے ٹریڈنگ اور سیٹلمنٹ ڈیسک کے لیے ایک مضبوط اور ہموار کام کرنے والے ماحول کو یقینی بنانے اور ہمارے بیک آفس سافٹ ویئر سلوشنز کو اپ گریڈ کرنے کے لیے مستقل مزاجی سے کام کرنے میں بھی کلیدی کردار ادا کیا ہے۔ سیلز ٹیم اور ریٹیل آن لائن ٹیموں نے بھی نئے اکاؤنٹس کی رفتار کو برقرار رکھنے میں غیر معمولی کارکردگی کا مظاہرہ کیا ہے۔ ہمیں غیر مقیم پاکستانیوں کے لیے RDA اکاؤنٹس کی سب



**ARIF HABIB LIMITED**

Arif Habib Centre,  
23-M.T. Khan Road, Karachi

AFFIX  
CORRECT  
POSTAGE

Fold : Here

Fold : Here

# Form of Proxy

## 19th Annual General Meeting

### The Company Secretary

Arif Habib Limited  
Arif Habib Centre  
23-M.T. Khan Road  
Karachi

I/we \_\_\_\_\_ of \_\_\_\_\_  
being a member(s) of Arif Habib 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 and vote for me/us and on my/our behalf at the  
Nineteen Annual General Meeting of the Company to be held on October 28, 2023 and /or any adjournment  
thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

### WITNESSES:

- Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
NIC No. : \_\_\_\_\_  
Signature : \_\_\_\_\_
- Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
NIC No. : \_\_\_\_\_  
Signature : \_\_\_\_\_

Signature on  
Rs. 5/Revenue Stamp

### NOTICE:

- 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.
- Proxy shall authenticate his/her identity by showing his/her CNIC or original passport and bring folio number at the time of attending the meeting.
- In order to be effective, the proxy forms must be received at the Registered Office of the Company; Arif Habib Centre, 23-M.T. Khan Road, 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.
- 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.
- 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

# پراکسی فارم

19 واں سالانہ جنرل اجلاس

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

میں/ہم ----- بحیثیت عارف حبیب لمیٹڈ ہولڈنگ کے رکن (اراکین) ----- آرڈینری شیئرز بمطابق سی ڈی سی اکاؤنٹ نمبر -----  
اپنی جانب سے مسٹر/مسز/مس ----- کو تقرر/برخواست کرتا ہوں۔ ان کا مکمل پتہ ----- یا ناکامی  
مسٹر/مسز/مس ----- کو تقرر/برخواست کرتا ہوں۔ ان کا مکمل پتہ -----  
بحیثیت رکن کمپنی میری/ہماری، کمپنی کے صوبوں سالانہ اجلاس میں شرکت اور ووٹ دینے کے لئے، میرے/ہمارے لئے یا ہماری جانب سے  
جو کہ 28 اکتوبر 2023ء کو منعقد ہوا اور یا التوا کا شکار ہوا۔

دستخط: ----- بروز/بتاریخ ----- 2023

گواہان:

1	نام: -----	2	نام: -----
پتہ: -----	پتہ: -----	شناختی کارڈ نمبر: -----	شناختی کارڈ نمبر: -----
دستخط: -----	دستخط: -----	پانچ روپے کے اسٹامپ ٹکٹ پر دستخط	

فارم برائے نمائندہ 19 واں سالانہ اجلاس عام 28 اکتوبر 2022ء

اطلاع:

- 1) ایک رکن جو اجلاس میں حاضر ہونے اور ووٹ ڈالنے کا اہل ہے اپنی جگہ کسی اور رکن کو اپنے نمائندے کے طور پر مقرر کر سکتا ہے جو ایسے حقوق جیسے حاضر ہونے، بات کرنے اور اجلاس میں ووٹ ڈالنے کیلئے اہل ہو جائے گا/گی جیسے حقوق ایک رکن کو دستیاب ہیں۔
- 2) نمائندہ اجلاس میں حاضری کے وقت اپنی شناخت کا ثبوت اپنا کمپیوٹرائزڈ قومی شناختی کارڈ دکھا کر یا اصل پاسپورٹ دکھا کر ظاہر کرے گا/گی اور فوٹو نمبر بھی ہمراہ لائے گا/گی۔
- 3) نمائندہ خازن (پراکسی فارمز) موثر ہونے کی غرض سے ہماری کمپنی کے رجسٹرڈ دفتر، عارف حبیب سینٹر، 23، ایم ٹی خان روڈ، کراچی، پر واقع دفتر پر اچھی طرح دستخط اور مہر اور دو اشخاص کی گواہی مع انکے دستخط، نام پتہ اور شناختی کارڈ نمبر جو فارم پر دیا گیا ہے اجلاس کے انعقاد سے زیادہ سے زیادہ 48 گھنٹوں قبل موصول ہونا لازمی ہیں۔
- 4) مستفید ہونے والے مالکان اور نمائندے کے تصدیق شدہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول نمائندہ فارم (پراکسی فارم) کے ہمراہ قاہر کرنے ہونگے اگر معاملہ افراد کی صورت میں ہے۔
- 5) اگر معاملہ ایک کاروباری ادارے کی جانب سے نمائندہ (پراکسی) کا ہے تو بورڈ آف ڈائریکٹرز/مقرر/مختار نامہ (وکالت نامہ) اور نمائندہ کے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقول یا پاسپورٹ نمائندہ فارم (پراکسی فارم) کے ہمراہ لازمی طور پر جمع کرانا ہوگا۔

# Form of Proxy for E-Voting

## 19th Annual General Meeting

### The Company Secretary

Arif Habib Limited  
Arif Habib Centre  
23-M.T. Khan Road  
Karachi

I/we, \_\_\_\_\_ of \_\_\_\_\_,  
holder of \_\_\_\_\_ Share(s) as per Registered Folio  
No./CDC A/c. No. \_\_\_\_\_ hereby opt for e-voting through Intermediary and hereby consent to the  
appointment of Execution officer Mr./Mrs./Miss \_\_\_\_\_  
as proxy and will exercise e-voting as per the Companies (E-Voting) Regulations, 2016 and hereby demand for poll  
for resolutions.

My secured email address is \_\_\_\_\_, please send login details, password and  
electronic signature through email.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

### WITNESSES:

1. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
NIC No. : \_\_\_\_\_  
Signature : \_\_\_\_\_
2. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
NIC No. : \_\_\_\_\_  
Signature : \_\_\_\_\_

Signature on Rs. 5/Revenue Stamp
-------------------------------------

### NOTICE:

1. A member entitled to attend and vote at the meeting may appoint another member and non-members as his / her proxy.
2. In order to be effective, the instructions/proxy forms must be received at the Company's registered office address at Arif Habib Centre, 23, M.T. Khan Road, Karachi, no later than 10 days before the meeting (i.e. by the close of business on October 18, 2023), duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures. Further the same instructions/proxy scanned copy may also be sent to our official email id [evoting@arifhabibltd.com](mailto:evoting@arifhabibltd.com).
3. 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.
4. 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.







**ARIF HABIB CENTRE**

23, M.T Khan Road, Karachi-74000

Fax No (92-21) 32416072; 32429653

UAN (92-21) 111-245-111

Group Website: [www.arifhabib.com.pk](http://www.arifhabib.com.pk)