



# Arif Habib Corporation Limited

## Analyst Briefing - November 2023

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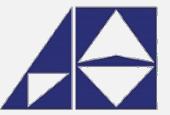
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# Arif Habib Corporation Limited



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

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

As of June 30, 2023, AHCL has strong equity base of PKR 20 billion built through retained earnings. This remarkable journey has translated into a compounded annualized return of 23% for the initial investors who participated in the IPO back in 2001. The Arif Habib brand is widely recognised as synonymous with unwavering commitment to best practices and a paramount dedication to prioritising its stakeholders. These principles have become ingrained in the company's identity, setting a standard that stakeholders have grown to anticipate from an organisation relentlessly pursuing excellence within its industry.

# Long term Investments as on 30<sup>th</sup> June 2023



S. No.	Strategic Investments	Shareholding (%)
1	Arif Habib Limited	72.92
2	Sachal Energy Development Private Limited	85.83
3	Fatima Fertilizer Company Limited	15.19
4	Globe Residency REIT (GRR)	55.18
5	Silk Islamic Development REIT (SIDR)	20
6	Naya Nazimabad Apartment REIT (NNR)	16.54
7	Black Gold Power Limited	100.00

# Key Highlights



Revenue	
Standalone	Consolidated
FY'23: 2,902 million +67.46%	FY'23: 7,950 million +47.00%
FY'22: 1,733 million	FY'22: 5,408 million

EBITDA	
Standalone	Consolidated
FY'23: 192 million -95.20%	FY'23: 8,902 million +29.01%
FY'22: 4,003 million	FY'22: 6,900 million

(Loss) /Profit after tax	
Standalone	Consolidated
FY'23: (972) million -125.86 %	FY'23: 3,816 million -4.86%
FY'22: 3,758 million	FY'22: 4,011 million

(Loss)/ Earnings per Share	
Standalone	Consolidated
FY'23: (2.38) -125.87%	FY'23: 8.37 -1.53%
FY'22: 9.20	FY'22: 8.50

# Key Highlights



Total Assets	
Standalone	Consolidated
FY'23: 23,814 million -8.63%	FY'23: 57,780 million +6.50%
FY'22: 26,064 million	FY'22: 54,251 million

Total Equity	
Standalone	Consolidated
FY'23: 20,469 million -14.12%	FY'23: 37,187 million +4.43%
FY'22: 23,834 million	FY'22: 35,610 million

Breakup Value per Share	
Standalone	Consolidated
FY'23: 50.12 -14.12%	FY'23: 91.06 +4.43%
FY'22: 58.36	FY'22: 87.20

Long Term Liability to Equity	
Standalone	Consolidated
FY'23: 2.59%	FY'23: 31.46%
FY'22: 0.56%	FY'22: 29.01%

Current Ratio	
Standalone	Consolidated
FY'23: 2.07x	FY'23: 1.90x
FY'22: 3.21x	FY'22: 2.37x

# Subsidiaries



72.92%



72.92 %



100%



85.83%

# Arif Habib Limited and its subsidiaries



Arif Habib Limited (AHL) took over the Group's securities brokerage business in 2005 and has since then raised the flag even higher.

AHL is one of the largest listed securities brokerage and investment banking firms in Pakistan that has won accolades both in Pakistan and abroad from reputed ranking firms such as Asiamoney, The Asset, Finance Asia, CFA Society, SAFE, Financial Market Association of Pakistan and others over the years. Central Depository Company of Pakistan (CDC) has bestowed the "Top Brokerage House for Opening Roshan Digital Accounts" to the Company and AHL is also eight times recipient of Pakistan Stock Exchange's (PSX) "Top 25 Companies Award".

The firm offers financial services in the domains of equity, fixed income, money market & forex brokerage, investment banking corporate advisory services. AHL holds significant market share in brokerage and investment banking segments and enjoys a strong relationship with top international financial institutions. Besides Equity market, AHL offers Commodities Brokerage through its wholly owned subsidiary, Raayan Commodities Pvt Limited providing commodities futures brokerage services.

<b>Contribution in AHCL's P&amp;L</b>	
<b>Standalone</b>	
Operating revenue	FY'23: 250 million -39.85% FY'22: 415 million
Gain / (loss) on sale of securities:	FY'23: Nil -100% FY'22: (37) million

<b>Contribution in AHCL's P&amp;L</b>	
<b>Consolidated</b>	
Operating revenue	FY'23: 1,616 million +33.79% FY'22: 1,208 million
Profit after tax	FY'23: 151million -82.49% FY'22: 864 million



# Sachal Energy Development (Pvt.) Limited (SEDPL)



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

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

<b>Contribution in AHCL's P&amp;L</b>	
<b>Standalone</b>	
Operating revenue	FY'23: 1,247 million +11,834.56% FY'22: 10 million

<b>Contribution in AHCL's P&amp;L</b>	
<b>Consolidated</b>	
Operating revenue	FY'23: 5,673 million +41.83% FY'22: 4,000 million
Profit after tax	FY'23: 2,464 million +25.97% FY'22: 1,956 million

# Black Gold Power Limited (BGPL)



BGPL has been incorporated with the objective to set up a 660MW mine mouth coal power plant at Thar Coal Block II, Phase IV, Sindh. The company has obtained coal allocation for 660 MW from Sindh Engro Coal Mining Company. The Company started feasibility for commercial viability and bankability of the project by engaging internationally renowned consultants. However, due to change in circumstances more particularly energy needs of the Country and consequently existing Power Policy, the management decided to hold the feasibility study and to reconsider this project in future once Power Policy attains stability.

<b>Contribution in AHCL's P&amp;L</b>	
<b>Standalone</b>	
Operating revenue	FY'23: Nil FY'22: Nil

<b>Contribution in AHCL's P&amp;L</b>	
<b>Consolidated</b>	
Operating revenue	FY'23: 0.03 million +38.71% FY'22: 0.02 million
Loss after tax	FY'23: (0.12) million -71.18% FY'22: (0.4) million

# Associates and other long term investments



15.19%



20%



NAYA NAZIMABAD  
GLOBE RESIDENCY  
APARTMENTS

58.15%



NAYA NAZIMABAD  
APARTMENTS  
A MARK OF PRIDE

16.54%

# Fatima Fertilizer Company Limited (FFCL)



Fatima Fertilizer Company Limited (Fatima) is a joint venture between two major business groups in Pakistan namely, Fatima Group and Arif Habib Group.

The principal activity of the Fatima is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals.

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

<b>Contribution in AHCL's P&amp;L</b>	
<b>Standalone</b>	
Operating revenue	FY'23: 1,117 million +0.00% FY'22: 1,117 million
Re-measurement gain / (loss)	FY'23: (2,549) million -188.29% FY'22: 2,887 million

<b>Contribution in AHCL's P&amp;L</b>	
<b>Consolidated</b>	
Share of profit – net of tax	FY'23: 2,024 million -11.27% FY'22: 2,281 million

# Globe Residency REIT (GRR)



GRR is a limited life Developmental REIT Scheme, established for the 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.

Construction of the project started in November 2021 and is expected to be completed in November 2025.

The project is commercially operational; construction and sales are progressing.

GRR announced its first dividend on September 15, 2023.

<b>Contribution in AHCL's P&amp;L</b>	
<b>Standalone</b>	
Re-measurement gain	FY'23: 286 million +100% FY'22: Nil

# Silk Islamic Development REIT(SIDR)



SIDR, limited life REIT, was created for investing in undeveloped land in Karachi with the objective of upliftment of the area and development of real estate including the construction and sale of residential apartments 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 Shahrāh-e-Usman / Hub Dam link road (Abdullah Chowrangi). SIDR has acquired land from Silk Bank Limited and World Group.

The total completion time for the whole project is estimated at 10 years.

<b>Contribution in AHCL's P&amp;L</b>	
<b>Standalone</b>	
Re-measurement gain	FY'23: 341 million +100% FY'22:Nil

# Naya Nazimabad REIT (NNR)



The NNAR, a limited life REIT, was established with the objective of construction of apartments on the acquired property in the vicinity of Naya Nazimabad, Karachi, and to sell under the project name of "Naya Nazimabad Apartment" for generating income for Unit Holders.

The Trust Deed of NNAR was registered on June 24, 2022, whereas SECP granted its approval on 03 August 2022. The Scheme has an indicative life of 7 years.

<b>Contribution in AHCL's P&amp;L</b>	
<b>Standalone</b>	
Re-measurement gain	FY'23: 260 million +100% FY'22: Nil

# Investment in other group companies



**16.58%**



**9.99%**



**5.18%**



# Aisha Steel Mills Limited (ASML)



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

ASML started its commercial operation in 2012 and produces Cold Rolled and Hot Dipped Galvanized coils. The nameplate rolling capacity is 700,000 metric tons. The plant is equipped with state-of-the-art equipment acquired from top manufacturers from Germany, Japan, Austria and China.

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

Contribution in AHCL's P&L	
Standalone	
Operating revenue	FY'23: 1 million -97.81% FY'22: 59 million
Re-measurement loss	FY'23: (453) million -57.68% FY'22: (1,071) million
Gain on sale of securities	FY'23: Nil -100% FY'22: 971 million

# Javedan Corporation Limited (JCL)



JCL is the parent company of the housing society, Naya Nazimabad (NN), spread over land measuring over 1300 acres. Naya Nazimabad offers families not only housing but a complete lifestyle. Naya Nazimabad Phase 1 was met with tremendous success.

Being the only completely owned real estate development of its time, the design includes a host of amenities.

With the number of residents moving into their new homes, Naya Nazimabad is fast transforming from a developing area to bustling community enjoying the enhanced standard of living offered nowhere else within the thickly populated city area. Naya Nazimabad has recently launched apartments and will soon launch commercial sites.

<b>Contribution in AHCL's P&amp;L</b>	
<b>Standalone</b>	
Operating Revenue	FY'23: 152 million +100% FY'22: Nil million
Re-measurement gain / (loss)	FY'23: (143) million -154.80% FY'22: 260 million

# Power Cement Limited(PCL)



Power Cement Limited (PCL) is engaged in the manufacturing and sale of cement complying with Pakistan's as well as the European Standards. The plant is situated on the M-9 Motorway in Nooriabad Industrial Area, Jamshoro, Sindh.

In addition to two existing production lines having a total production capacity of 900,000 tons clinker per annum, PCL has installed a third line having production capacity of 7,700 tpd clinker production and 8,500tpd cement grinding. The new integrated cement plant has been supplied by FLSmidth, Denmark with the state-of-the-art proven European technology.

<b>Contribution in AHCL's P&amp;L</b>	
<b>Standalone</b>	
Operating Revenue	FY'23: 0.85 million +5.41% FY'22: 0.80 million
Re-measurement gain / (loss)	FY'23: (72) million -16.18% FY'22: (83) million

# Scheme of Arrangement



On November 17, 2023, the Board of Directors authorized AHCL to enter into an arrangement with its subsidiary, Arif Habib Limited (AHL), in terms of a Scheme of Arrangement (Scheme) under Sections 279 to 283 and 285 of the Companies Act, 2017, involving the demerger of certain non-core business, including assets, liabilities and obligations, from AHL, and merger / amalgamation of the same with and into AHCL, constituting a corporate restructuring of the said companies and their members, along with all ancillary matters (the Proposed Arrangement).

In consideration of the Proposed Arrangement, it is proposed that shares of AHCL will be issued to the shareholders of AHL (other than AHCL itself) on the basis of a swap ratio of 0.8673; i.e. 86.73 ordinary shares of AHCL will be issued for every 100 ordinary share of AHL held by each AHL Shareholder at the time (other than AHCL itself), in accordance with the Scheme.

The above shall be subject to completion of necessary corporate and regulatory formalities, including obtaining requisite approvals from the relevant stakeholders / regulators, in accordance with the applicable laws, and sanction of the Scheme by the High Court of Sindh at Karachi, for which purposes the Board has, *inter alia*, authorized AHCL to file a petition with the High Court.



# Queries



*Thank you!*