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Arif Habib Corp

Annual Report 2024

# پیش قدمیوں





# Arif Habib Group

Since its inception, the Arif Habib Group has been at the forefront of innovation, turning bold ideas into tangible realities. We've played a pivotal role in Pakistan's growth story, investing in sectors that drive national development and uplift communities across the country.

Our entrepreneurial spirit and passion for positive change have fueled our expansion into diverse industries, including financial services, fertilizers, cement, steel, renewable energy, and real estate development. By leveraging our expertise and forging strategic partnerships, we've consistently delivered value to our stakeholders and contributed significantly to Pakistan's economy.

Quality and excellence are the cornerstones of our business model. We're committed to setting new standards and pushing the boundaries of what's possible. With unwavering faith in Pakistan's potential, we're dedicated to harnessing innovation and transforming challenges into opportunities for growth and prosperity.

## Arif Habib Corporation Limited

Arif Habib Corporation Limited (AHCL) is the cornerstone of the Arif Habib Group, a legacy built on the entrepreneurial vision of Mr. Arif Habib. Incorporated as a public limited company in 1994, AHCL has consistently delivered value to its shareholders and stakeholders.

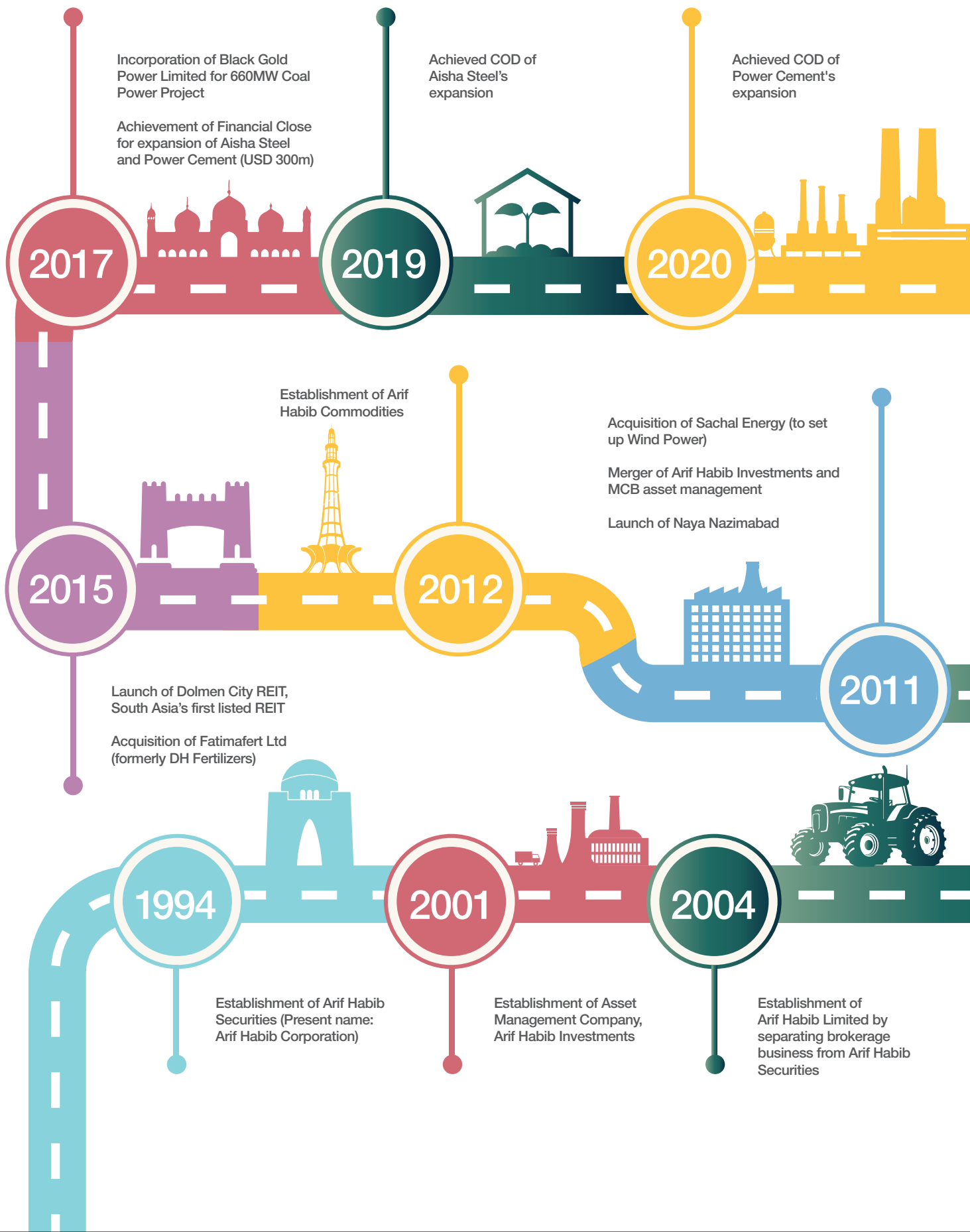
In 2001, AHCL achieved a significant milestone by becoming a publicly listed company, with an initial public offering (IPO) of one million shares aimed at raising PKR 80 million to fuel its growth trajectory. Since its IPO, the company has demonstrated a strong commitment to its shareholders, distributing 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.

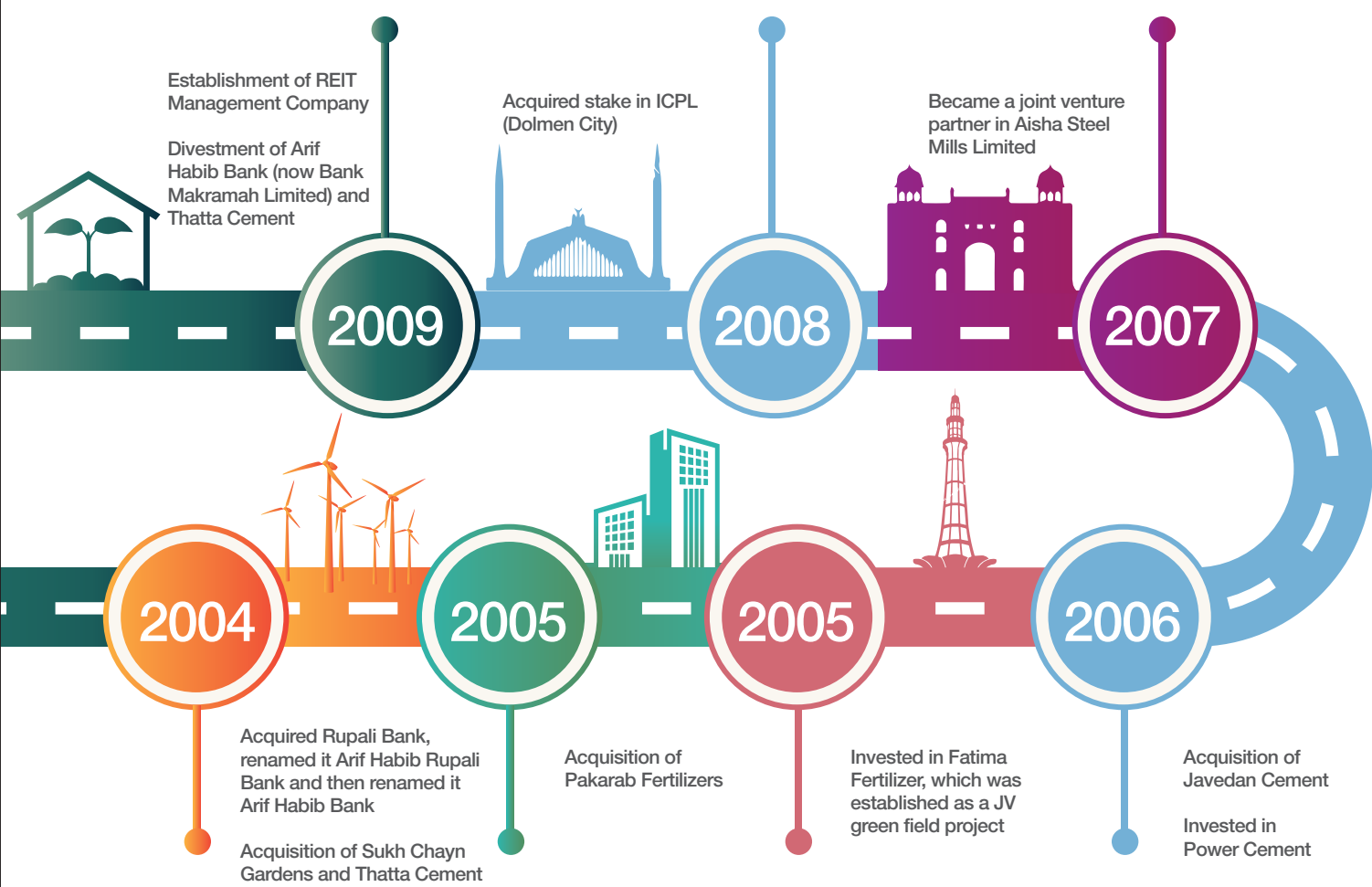
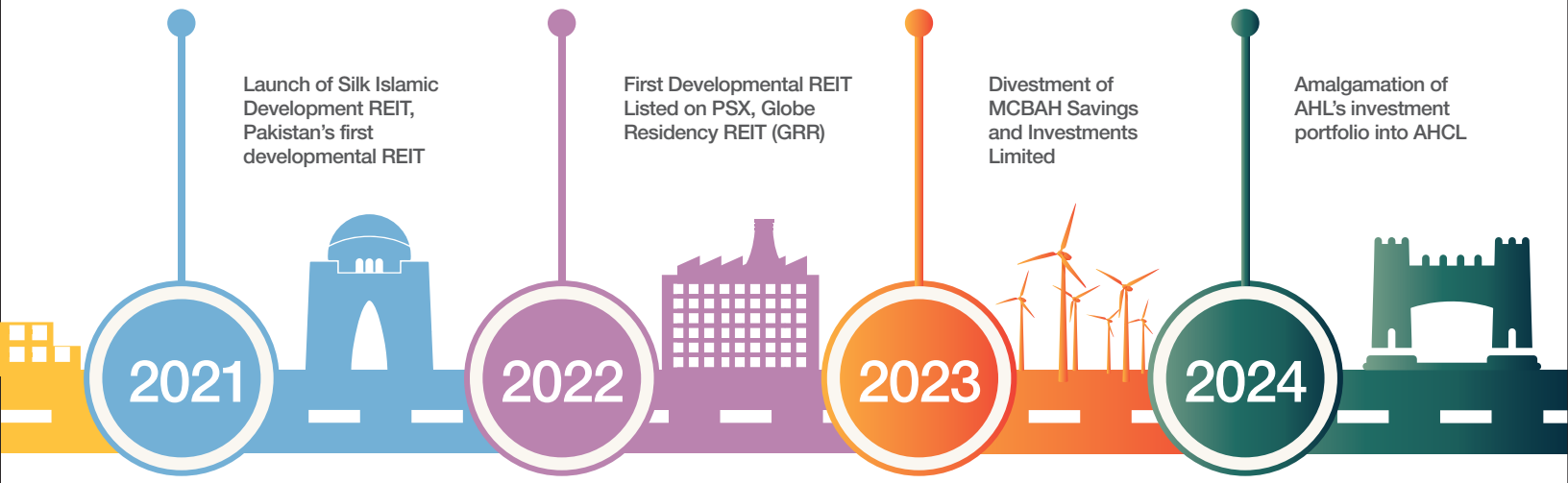
As of June 30, 2024, AHCL has strong equity base of PKR 34 billion built through retained earnings. This remarkable journey has translated into a compounded annualized return of 26% for the initial investors who participated in the IPO back in 2001.

The Arif Habib brand is synonymous with integrity, excellence, and a relentless focus on stakeholder value. Our commitment to best practices and ethical conduct has earned us the trust and respect of our clients, partners, and employees. As we continue to evolve, we remain dedicated to upholding the high standards that have defined our success.

# Arif Habib Group's Journey







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# Forward Looking Statements

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

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# Our Vision

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

# Our Mission

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

# Corporate Strategy

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

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



## Objectives

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

# Values

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



## Integrity

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



## Excellence

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



## Unity

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

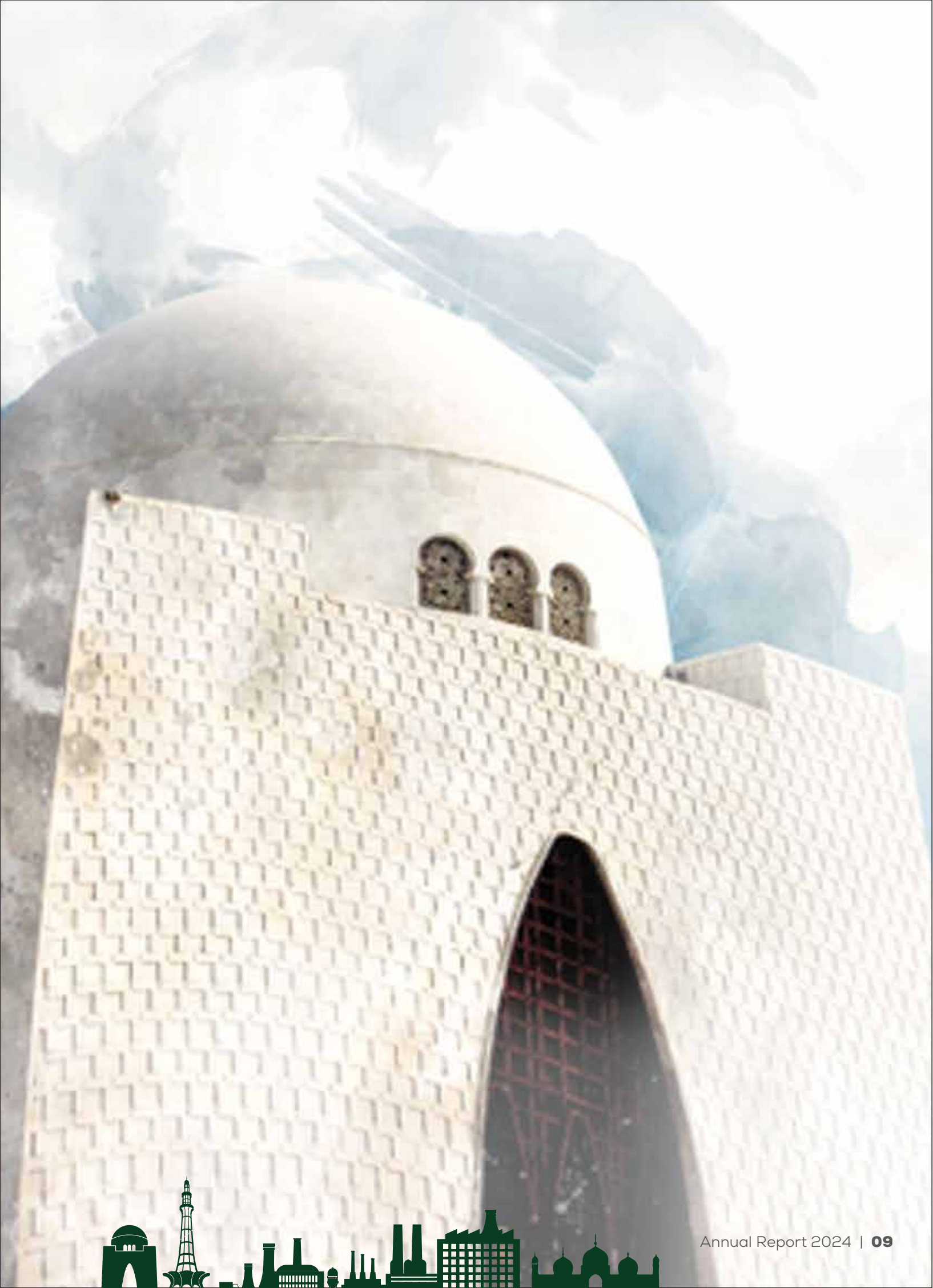


## Responsibility

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









# Company Information

## Board of Directors

Asadullah Khawaja  
Chairman

Arif Habib  
Chief Executive Officer

Khawaja Najamuddin Roomi  
Independent Director

Zeba Bakhtiar  
Independent Director

Nasim Beg  
Non-Executive Director

Samad A. Habib  
Non-Executive Director

Muhammad Ejaz  
Non-Executive Director

Kashif A. Habib  
Non-Executive Director

## Audit Committee

Khawaja Najamuddin Roomi  
Chairman

Kashif A. Habib  
Member

Muhammad Ejaz  
Member

## Management

Arif Habib  
Chief Executive Officer

Mohsin Madni  
Chief Financial Officer &  
Chief Operating Officer

Manzoor Raza  
Company Secretary

## Bankers

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

## Auditors

A. F. Ferguson & Co.  
Chartered Accountants

## Legal Advisors

Bawaney & Partners  
Akhund Forbes

## Registered & Corporate Office

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

## Registrar & Share Transfer Agent

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





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

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

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

The Board during the year ended 30<sup>th</sup> June 2024 played an effective role in managing the affairs of the Company and achieving its objectives in the following manner;

- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees has adequate skill, experience and knowledge to manage the affairs of the Company;
- The Board has formed an Audit and Human Resource and Remuneration Committee having approved respective terms of references, and has assigned adequate resources so that the committees perform their responsibilities diligently;
- The Board has developed and put in place the rigorous mechanism for an annual evaluation of its own performance and that of its committees and individual directors. The findings of the annual evaluation are assessed and re-evaluated by the Board periodically;
- The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner;
- The Board has ensured that the meetings of the Board and that of its committees were held with the requisite quorum, all the decision making were taken through Board resolution and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;
- The Board has developed a code of conduct setting forth the professional standards and corporate values adhered through the Company and has developed significant policies for smooth functioning;
- The Board has actively participated in strategic planning process, enterprise risk management system, policy development, and financial structure, monitoring and approval;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;



- The Board has ensured that an adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;
- The Board has prepared and approved the director's report and has ensured that the directors report is published with the quarterly and annual financial statement of the Company and the content of the directors report are in accordance with the requirement of applicable laws and regulation;
- The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary, and Head of Internal Audit;
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings; and
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.

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



Asadullah Khawaja  
Chairman  
Karachi: October 31, 2024





**Mr. Asadullah Khawaja**  
Chairman

## Board of Directors

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

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

Mr. Khawaja completed his Bachelor of Arts in 1964 from Forman Christian College, Lahore.

Subsequently, he completed several local and foreign courses on banking, securities, industries management, investment analysis and portfolio management. Moreover, he has participated in various international seminars and workshops on investment-oriented issues.





**Mr. Arif Habib**  
Chief Executive

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

Mr. Arif Habib remained the elected President / Chairman of Karachi Stock Exchange for six times in the past and was a Founding Member and Chairman of the Central Depository Company of Pakistan Limited. He has served as a Member of the Privatisation Commission, Board of Investment, Tariff Reforms Commission and Securities & Exchange Ordinance Review Committee.

He has been a member of the Prime Minister's Economic Advisory Council (EAC) and the Think-Tank constituted by the Prime Minister on COVID-19 related economic issues. He has also remained a member of the Prime Minister's Task Force on attracting Foreign Direct Investment (FDI) and a member of Advisory Committee of Planning Commission.

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

## Corporate Responsibilities

### As Chairman

- Power Cement Limited
- Fatima Fertilizer Company Limited
- Fatimafert Limited
- Sachal Energy Development (Pvt) Limited
- Javedan Corporation Limited
- Aisha Steel Mills Limited
- Arif Habib Dolmen REIT Management Limited
- Arif Habib Development and Engineering Consultants (Pvt) Limited
- Sapphire Bay Development Company Limited
- Arif Habib Foundation
- Naya Nazimabad Foundation
- Black Gold Power Limited
- Essa Textile and Commodities (Pvt) Limited

### As Director

- Arif Habib Equity (Pvt) Limited
- Arif Habib Consultancy (Pvt) Limited
- Fatima Cement Limited
- International Builders and Developers (Pvt) Limited
- NCEL Building Management Limited
- Pakarab Energy Limited
- Pakistan Business Council
- Pakistan Engineering Company Limited
- Pakistan Opportunities Limited
- Pakistan National Shipping Corporation

### As Honorary Trustee/Director

- Fatimid Foundation
- Habib University Foundation
- Karachi Education Initiative
- Memon Health and Education Foundation
- Memon Educational Board
- Pakistan Centre for Philanthropy







**Mr. Nasim Beg**  
Non-executive Director

Mr. Nasim Beg is the Chief Executive Officer of Arif Habib Consultancy (Pvt) Limited.

He qualified as a Chartered Accountant in 1970 and over the decades has had experience in manufacturing, as well as in financial services, both within and outside the country. He joined the Group in the year 2000 to conceive and set up an Asset Management Company, namely Arif Habib Investments, which became the market leader and was converted into a joint venture with MCB in 2011 to benefit from the bank's branch network.

The Group's shareholding in this company was sold to MCB in 2023. He has also been associated at top-level positions with other asset management and investment advisory companies.

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

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

## Corporate Responsibilities

### Corporate Responsibilities

Arif Habib Consultancy (Pvt) Limited  
(Chief Executive)

### As Director

Aisha Steel Mills Limited  
Power Cement Limited





**Ms. Zeba Bakhtiar**  
Independent Director

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

Ms. Zeba Bakhtiar studied at St. Josephs Convent Quetta, Karachi Grammar School, Kinnaird College Lahore and Baluchistan University.

She began her acting career in 1988 from PTV. In 1999, she established a film production company Nirvana films and in 2004 Sagar Entertainment for television production. In 2012 she was selected in the Eisenhower Fellowship South Asia program to study possibilities of using media for social change and development.

In 2017, she made a career shift to her paternal family's business of real estate development in Quetta and began her first real estate development project "Bakhtiar Mall" in the heart of Quetta city.

She is honorary President for Diya women's football club (Pioneers of women's football in Pakistan) and supports women's empowerment and career development at every opportunity. She served as President of Quetta Women's Chamber of Commerce 2020-21.

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





**Khawaja Najamuddin Roomi**  
Independent Director

Khawaja Najamuddin Roomi currently serves as the CEO of Masood Roomi. Mr. Roomi is a distinguished alumnus of several prestigious institutions. He earned his MBA from the renowned Said Business School at the University of Oxford and a Bachelor of Arts degree in Economics with a minor in Global Studies from the University of California.

Since assuming the role of CEO at Masood Roomi, he has demonstrated exceptional acumen in managing the day-to-day operations, finances, marketing, and strategy of Roomi Fabrics Ltd, Masood Fabrics Ltd, Roomi Holdings, and Masood Holdings, within one of Pakistan's largest diversified textile groups.

In addition to his extensive experience in managing large-scale operations, Mr. Roomi has pioneered efforts in establishing a groundbreaking joint venture with Metro AG of Germany, navigating international business landscapes, and positioning the company for sustained growth and innovation. Furthermore, he has been pivotal in strategic investment decisions, demonstrating a keen eye for opportunities in both public and private markets across Pakistan, as well as in the rapidly expanding real estate sector of the country. He is also responsible for the establishment of 17 MW solar power projects to partly fulfill Masood-Roomi's energy demands through renewable energy, making Masood-Roomi one of the largest producers of renewable energy for private use.

Mr. Roomi is a founding member of the Jalaluddin Roomi Foundation, a charitable organization committed to uplifting marginalized communities. His initiatives have ensured access to safe drinking water and education for those in need. Beyond his professional and philanthropic endeavors, Khawaja's diverse interests in philosophy and current affairs highlight his well-rounded perspective. His proficiency in multiple languages and IT skills further enhance his contributions.





**Mr. Muhammad Ejaz**  
Non-Executive Director

Muhammad Ejaz is the founding Chief Executive of Arif Habib Dolmen REIT Management Limited, Pakistan's pioneering REIT Management company. He has been associated with Arif Habib Group since 2008 and sits on the board of several group companies. He has spearheaded several group projects when these were at a critical stage during their execution.

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

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

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

## Corporate Responsibilities

Arif Habib Dolmen REIT Management Limited  
(Chief Executive)

### As Director

Javedan Corporation Limited  
Arif Habib Development and Engineering  
Consultants (Pvt) Limited  
Sachal Energy Development (Pvt) Limited  
Sapphire Bay Development Company Limited







**Mr. Samad A. Habib**  
Non-Executive Director

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

In 2004, Mr. Samad A. Habib joined Arif Habib Limited leading the company as its Chairman and Chief Executive. He played a key role in shaping the strategic direction of the company where he specialized in capital market operations and corporate finance. Several noteworthy Initial Public Offerings (IPOs) and successful private placements took place under his stewardship, showcasing his exceptional financial acumen and deep market insight.

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

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

## Corporate Responsibilities

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

### As Chairman

NN Maintenance Company (Pvt) Limited

### As Director

Aisha Steel Mills Limited  
Arif Habib Dolmen REIT Management Limited  
Arif Habib Equity (Pvt) Limited

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





**Mr. Kashif A. Habib, FCA**  
Non-Executive Director

Mr. Kashif A. Habib is the Chief Executive of Power Cement Limited. As a member of the Institute of Chartered Accountants of Pakistan (ICAP) he completed his articleship from A.F. Ferguson & Co. (a member firm of Price Waterhouse Coopers) gaining invaluable insight across sectors, catering to clients across the Financial, Manufacturing, and Services industries.

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

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

## Corporate Responsibilities

Power Cement Limited  
(Chief Executive)

### As Director

Aisha Steel Mills Limited  
Fatima Fertilizer Company Limited  
Javedan Corporation Limited  
Arif Habib Equity (Pvt) Limited  
Arif Habib Equity (Pvt) Limited  
Arif Habib Foundation  
Arif Habib Development and Engineering  
Consultants (Pvt) Limited

Black Gold Power Limited  
Essa Textile And Commodities (Pvt) Limited  
Fatimafert Limited  
Fatima Cement Limited  
Fatima Packaging Limited  
Nooriabad Spinning Mills (Pvt) Limited  
Pakistan Opportunities Limited  
Rotocast Engineering Company (Pvt) Limited  
Safemix Concrete Limited  
Siddiqsons Energy Limited  
Sachal Energy Development (Pvt) Limited  
BioMasdar Pakistan Limited  
All Pakistan Cement Manufacturer Association



# Key Management



**Mr. Mohsin Madni**  
Chief Financial Officer  
& Chief Operating Officer

M. Mohsin Madni has been a key part of Arif Habib Corporation Limited for over a decade, currently holding the roles of Chief Operating Officer and Chief Financial Officer. Since joining the company in December 2011, Mohsin has been pivotal in shaping the financial and operational landscape of AHCL and its affiliated entities. His expertise in financial strategy, business planning, and stakeholder engagement has been instrumental in ensuring the company's growth and sustainability.

In addition to his core responsibilities, Mr. Mohsin plays an active role in offering strategic counsel on long-term financial planning, managing relationships with external stakeholders, and overseeing critical functions such as strategy, finance, and legal. He provides essential advice to the CEO, Chairman, and Board of Directors, contributing to the alignment of fiscal strategies with the organization's overall objectives.

Mr. Mohsin's leadership extends beyond finance, as he also contributes to decision-making and governance processes. His dedication and insight have led to his nomination on the boards of Arif Habib Limited, the group's brokerage and investment banking arm, and Sachal Energy Development (Private) Limited, a wind power generation company.

With deep expertise in regulatory frameworks, internal controls, and business processes, Mr. Mohsin has established a reputation for fostering strong governance and financial discipline across various industries. Before joining AHCL, he gained significant experience with Taseer Hadi & Co., Chartered Accountants, where he worked on statutory audits, limited reviews, and advisory projects, further enhancing his diverse skill set.





**Mr. Manzoor Raza**  
Company Secretary

Mr. Manzoor Raza has served as the Company Secretary of Arif Habib Corporation Limited since 2015. With nearly two decades of extensive experience in corporate law, compliance, and secretarial functions, he plays a vital role in ensuring that the organization adheres to the highest standards of governance. His responsibilities span corporate affairs, regulatory compliance, and the oversight of legal and secretarial matters for listed, public unlisted, and private entities within the group.

Mr. Raza is a member of the Institute of Chartered Secretaries and Managers and has been associated with the Arif Habib Group since 2003. Before assuming his current role, he was a Senior Manager of Corporate Compliance & Taxation at Arif Habib Corporation and worked at Arif Habib Investments Limited, where he rose to the position of Assistant Vice President in Finance. His well-rounded background also includes significant experience in finance, treasury, and taxation.

In addition to his role at Arif Habib Corporation, Mr. Raza also serves as Company Secretary for Aisha Steel Mills Limited and previously held the same position at Arif Habib Dolmen REIT Management Limited. He has recently been appointed a director of Arif Habib Limited. He has been instrumental in driving various complex corporate initiatives, including mergers, demergers, capital reductions, and share buy-back processes. His leadership has been pivotal in shaping the legal and governance frameworks within the group, and he has made significant contributions to the development of policies and manuals in accordance with corporate laws.

With an impressive track record of managing regulatory relationships, conducting board meetings, and ensuring compliance with statutory requirements, Mr. Raza's expertise ensures that Arif Habib Corporation Limited continues to operate with transparency and efficiency. His commitment to good governance and collaboration with the board and executive management has fostered a culture of accountability and strong stakeholder engagement within the organization.





# Directors' Report

Dear Fellow Shareholders,

The Board of Directors is pleased to present the Annual Report of Arif Habib Corporation Limited (AHCL) along with the audited financial statements and the auditors' report for the financial year ended 30<sup>th</sup> June 2024.



## PRINCIPAL ACTIVITIES

Arif Habib Corporation Limited (AHCL) is the holding company of the Arif Habib Group, with investments in a diversified portfolio spanning fertilizers, financial services, energy, cement, steel, real estate, and listed securities.

## THE ECONOMY

The fiscal year 2023-24 marked the beginning of improvements in macroeconomic fundamentals. The value of the rupee has stabilized vis a vis US Dollar, inflation has declined, followed by reduction in interest rates. KSE-100 Index showed strong performance rising by 89.2% during the financial year under review. However, the significant decline in demand across several sectors remains unreversed.

These improvements, along with the IMF's approval of a USD 7 billion Extended Fund Facility (EFF), point towards a more resilient economy, although continued fiscal reforms, export growth, and foreign investment attraction remain vital for maintaining this positive trajectory.

## FINANCIAL RESULTS

For the financial year 2023-24, AHCL reported a consolidated profit-after-tax attributable to equity holders of the Parent Company of PKR 7,820 million, compared to PKR 3,418 million in the previous year. This translates to earnings of PKR 18.54 per share, compared to PKR 8.37 per share last year. This growth reflects the strong financial performance of our subsidiaries and associates.

On an unconsolidated basis, AHCL posted a profit-after-tax of PKR 9,431 million, equating to earnings of PKR 22.36 per share, a notable improvement compared to the loss-after-tax of PKR 972 million [or PKR (2.38) per share] recorded last year. The enhanced profitability is primarily driven by dividends and realized and unrealized gains on investments.

The Board has recommended declaration of a final Cash Dividend for the year ended 30<sup>th</sup> June 2024 at PKR 7 per share i.e. 70%. This entitlement shall be available to those shareholders whose names appear on the shareholders' register at the close of business on 12<sup>th</sup> November 2024.

## POST BALANCE SHEET EVENTS

During the year under review, an overwhelming majority of shareholders of Arif Habib Corporation Limited (AHCL) approved a Scheme of Arrangement under Sections 279 to 283 and 285 of the Companies Act, 2017, at an Extraordinary General Meeting held on 26<sup>th</sup> December 2023. The Scheme involves, inter alia, the acquisition and merger / amalgamation of certain non-core business, including assets, liabilities and obligations, from Arif Habib Limited (AHL) and the demerger of the same from AHL, being the subsidiary company of AHCL.

We are pleased to report that the Scheme, as endorsed by the shareholders, was sanctioned by the Honourable High Court of Sindh at Karachi, without modification, through its Order dated 21<sup>st</sup> October 2024.

Pursuant to the Scheme, the Board of Directors in their meeting held on 31<sup>st</sup> October 2024 has resolved to issue 13,321,747 shares of the Company to the eligible shareholders of AHL as of the Record Date of 31<sup>st</sup> October 2024. Accordingly, the issued and paid-up capital of AHCL stands increased as follows:

Particulars	No. of AHCL Ordinary Shares of PKR 10/- each
Paid-up Capital of AHCL before allotment pursuant to the Scheme	408,375,000
Shares allotted pursuant to the Scheme	13,321,747
Paid-up Capital of AHCL post allotment pursuant to the Scheme	421,696,747

In alignment with the approved Scheme of Arrangement, the Board also resolved that the shares allotted pursuant to the Scheme will also be entitled to the final Cash Dividend for the year ended 30<sup>th</sup> June 2024 at Rs.7 per share i.e. 70%, recommended to be approved in the annual general meeting.

This merger has contributed in the profit after tax for the year ended 30<sup>th</sup> June 2024 by PKR 401.34 million and resulted in increase in the net assets of the Company as on 30<sup>th</sup> June 2024 by PKR 4,571 million in unconsolidated financial statements. Whereas paid up capital to be increased by PKR 133.21 million.

The financial statements have been prepared taking the effect of the Scheme and disclosed in note 1.1.1 to the Consolidated financial statements and note 1.2 to the Unconsolidated financial statements.

## PERFORMANCE OF INVESTEE COMPANIES

A brief review of our investee companies is as follows:

### FERTILISERS

Fatima Fertilizer Company Limited (FATIMA) demonstrated robust operational and financial performance, delivering the highest-ever production volumes. For the year ended 30<sup>th</sup> June 2024, FATIMA earned an after-tax profit of PKR 31,358 million, compared to PKR 14,093 million in the previous year. Better market demand and prices, improved plant efficiency, continuous operations, and energy conservation efforts contributed to this growth. AHCL earned PKR 1,520 million in dividends from FATIMA.

### FINANCIAL SERVICES

The positive macroeconomic environment helped boost investor confidence, with the KSE-100 index rising by 89.2%, closing FY24 at 78,445 points. Arif Habib Limited (AHL), AHCL's corporate brokerage house, capitalized on market conditions and posted an after-tax profit of PKR 612 million, up from PKR 185 million last year.

### WIND POWER

Sachal Energy Development (Pvt) Limited (SEDPL) continued its strong operational performance, supplying clean energy to the national grid with a plant availability factor exceeding 99% since COD. SEDPL posted an after-tax profit of PKR 3,708 million, compared to PKR 2,464 million in the

previous year. AHCL earned a dividend of PKR 1,373 million from SEDPL.

## REAL ESTATE

The Arif Habib Group, a firm believer and advocate for transparency and documentation, is setting a strong example by choosing REITs as the preferred investment mode in the real estate sector.

Despite challenging market conditions in the real estate sector, your Company's projects in Naya Nazimabad have continued to perform well. Construction on previously launched apartment projects—"Globe Residency Apartments" (Globe Residency REIT) and "Rahat Residency" (Rahat Residency REIT) is progressing on schedule.

Your Company has earned PKR 531 million in dividends from its real estate investments.

## STEEL

Aisha Steel Mills Limited (ASML) reported a 35% increase in sales over the previous year, with revenue growth of 37% and an improvement in gross profit margins from 6% to 8.9%. After-tax losses decreased significantly, from PKR 3,216 million to PKR 132 million.

## CEMENT AND CONSTRUCTION ALLIED

Power Cement Limited (Power) demonstrated resilience by maintaining stable sales despite challenging market conditions. The gross profit margin remained steady, largely due to improved plant efficiencies and the use of alternative fuels, which helped mitigate the impact of inflationary pressures. However, change in taxation regime and elevated interest costs posed a significant challenge, resulting in a loss after tax of PKR 2.70 billion, compared to a profit of PKR 169 million in FY 2023.

Safe Mix Concrete Limited performed steadily, reporting a profit after tax of PKR 111 million.

## FUTURE OUTLOOK

Looking ahead to FY 2025, Pakistan's economic outlook appears increasingly favourable, supported by moderating inflation, declining interest rates, and stability in the USD/PKR exchange rate. The IMF's USD 7 billion Extended Fund Facility (EFF) has already provided USD 1.1 billion, unlocking further international financial support. These macroeconomic improvements, coupled with expected additional rate cuts, create an encouraging environment for economic stability and growth.



In this favourable environment, our Company is well-positioned to capitalize on the improving conditions. We anticipate a marked enhancement in financial performance, particularly in our core sectors of fertilizer, wind power and brokerage, where growth and profitability are expected to accelerate. The Company remains focused on leveraging these opportunities to deliver sustained performance.

## RISK MANAGEMENT

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

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

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

For its strategic investments, the Company has developed risk management systems suited to

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

For operational risk management, the starting point has always been carrying out an in depth analysis before making the investment, and supplementing that with hiring of qualified and experienced professionals to represent it on the Boards of investee companies wherever required, applying budgetary and other internal controls on such companies through the Board members, continuing review of performance of the investee companies and taking corrective measures as and when needed, including the dis-investment from businesses if that becomes the right option. The Board has set up an Investment Committee, with the responsibility of vetting and continuous monitoring of all strategic investments. In turn, the Company's management staff is responsible for providing the Committee with timely reports on the strategic investments. The detailed Qualitative Reports and Quantitative analysis on Risk management is presented in note # 37 to the financial statements.

As an investment holding company, we are committed to promoting responsible practices across our group investee companies. While not directly engaged in manufacturing, we encourage our investees to integrate environmental, social, and governance (ESG) considerations into their operations to ensure they act responsibly towards the communities and environments in which they operate.





We actively monitor sustainability risks, including climate-related risks, and collaborate on mitigation strategies. We also advocate for diversity, equity, and inclusion (DE&I), encouraging policies that foster gender equality and greater female participation in leadership roles.

## **CAPITAL MANAGEMENT AND LIQUIDITY**

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

## **HUMAN RESOURCE**

Your Company takes great pride in the commitment, competence and ownership shown by its employees in all realms of the business. We are dedicated to their long-term development, proactively identifying and cultivating the right talent, amplifying their strengths, and fostering their continuous growth and adaptability.

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

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

Employees are recognized and rewarded based on their performance, which results in enhanced retention and motivation across all levels. All our operational activities are carried out transparently and in lieu of our code of ethics, on which there can be no compromise.

## **MATERIALITY APPROACH ADOPTED**

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

## **CORPORATE SOCIAL RESPONSIBILITY**

Since our inception, sustainable and responsible development has been at the heart of our mission. We steadfastly urge our group companies to exemplify

responsibility and sensitivity towards the communities and environments in which they operate.

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

Arif Habib Group companies run a sizeable CSR program in Pakistan focusing on pivotal sectors which include education, healthcare, environment, community welfare, sports and relief work.

The group companies focus on energy conservation and all departments and employees adhere to power conservation measures. Our vision is to further bolster economic growth and stability in Pakistan by actively reinvesting in its economy, its people, and the sustainability of its environment. The Group is unwavering in its support for initiatives aimed at reducing resource consumption and driving research in renewable energy.

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

## **CORPORATE GOVERNANCE**

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

The Board would like to state that proper books of accounts of the Company have been maintained and appropriate accounting policies have been adopted and consistently applied except for new accounting standards and amendments to existing standards as stated in note # 3 to the annexed audited financial statements.

Preparation of accounts and accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards, as applicable in Pakistan, are followed in the preparation of the financial statements. The system of internal controls, including financial controls, is sound in design and has been effectively implemented and monitored. The financial statements of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity. No material payment has remained outstanding on account of any taxes, duties, levies or charges. The Company has no outstanding obligations under gratuity, pension or provident fund.



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

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

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

## COMPOSITION OF BOARD / COMMITTEES

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

Board of Directors	Category	Audit Committee	Human Resource & Remuneration Committee	Investments & Risk Management Committee	Nomination Committee
Khawaja Najamuddin Roomi	Independent	Chairman	-	-	-
Ms. Zeba Bakhtiar		-	Chairperson	-	-
Mr. Asadullah Khawaja (Chairman)	Non-Executive	-	-	-	-
Mr. Nasim Beg		-	Member	Member	-
Mr. Samad A. Habib		-	-	Member	Member
Mr. Kashif A. Habib		Member	Member	Member	-
Mr. Muhammad Ejaz		Member	-	-	-
Mr. Arif Habib (Chief Executive)	Executive	-	Member	Chairman	Chairman

## CHANGES IN BOARD COMPOSITION AND ELECTION OF DIRECTORS

In accordance with the provisions of Section 161 of the Companies Act, 2017, the three years term of the present eight directors elected in the Extra Ordinary General Meeting held on 21<sup>st</sup> September 2022 will complete in September 2025. During the year under review, Khawaja Jalaluddin Roomi has resigned and Khawaja Najamuddin Roomi was appointed as director in his place. The casual vacancy was filled within the prescribed timeframe.

## DIRECTORS REMUNERATION POLICY

The Non-Executive and independent directors of Arif Habib Corporation Limited may claim meeting fee for attending Board of Directors meeting or any of Boards' sub-committee meeting at the rate approve by Board of Directors from time to time.

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

The Chief Executive Officer is the only executive director on the Board. Disclosure with respect to remuneration package of chief executive, director and executives is presented in note no. 33 to the annexed audited unconsolidated financial statements. Disclosure relating to meeting fee paid to Non-Executive Directors is included in note no. 40 to the annexed audited unconsolidated financial statements.

## ATTENDANCE AT BOARD MEETINGS

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



## PATTERN OF SHAREHOLDING

The shares of the Company are listed on the Pakistan Stock Exchange. There were 2,924 shareholders of the Company as of 30<sup>th</sup> June 2024. The detailed pattern of shareholding and categories of shareholding of the Company including shares held by directors and executives, if any, are annexed as Annexure-III.

## TRADING IN COMPANY'S SHARE BY DIRECTORS AND EXECUTIVES

All Directors including the Chief Executive, Chief Financial Officer and Executives of the Company were informed by the Company Secretary to immediately inform in writing, any trading in the Company's shares by themselves or by their spouses and to deliver a written record of the price, number and form of shares and nature of transaction within 7 days of such transaction to the Company Secretary.

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

## FINANCIAL AND BUSINESS HIGHLIGHTS

The key operating and financial data has been given in summarized form under the caption "Financial & Business Highlights – Six years at a glance" on Page 58.

## INVESTMENT IN RETIREMENT BENEFITS

The value of investment made by the staff Provident Fund operated by the Company as per their respective audited financial statements as of 30<sup>th</sup> June 2024 amounts to PKR 75.46 million.

## AUDIT COMMITTEE

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

### For and on behalf of the Board



**Mr. Arif Habib**  
Chief Executive

Karachi: October 31, 2024

## AUDITORS

The present external auditors M/s. A. F. Ferguson & Co., Chartered Accountants, shall retire at the conclusion of Annual General Meeting on 27<sup>th</sup> November 2024 and being eligible, have offered themselves for reappointment for the year ending on 30<sup>th</sup> June 2025. The external auditors hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. As suggested by the Audit Committee, the Board recommends reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants, as auditors of the Company for the financial year ending on 30<sup>th</sup> June 2025 at a fee to be mutually agreed. Approval to this effect will be sought from the shareholders at the forthcoming Annual General Meeting scheduled on 27<sup>th</sup> November 2024.

## COMPLIANCE WITH SECRETARIAL PRACTICES

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

## RELATED PARTY TRANSACTIONS

In order to comply with the requirements of listing regulations, the Company presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board of Directors in their respective meetings. The details of related party transactions have been provided in note # 40 of the annexed audited financial statements.

## ACKNOWLEDGEMENT

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



**Mr. Asadullah Khawaja**  
Chairman



# Annexure I

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

From 1<sup>st</sup> July 2023 to 30<sup>th</sup> June 2024

Name	Designation	Shares bought	Shares sold	Remarks
Mr. Asadullah Khawaja	Chairman	-	-	-
Mr. Arif Habib	Chief Executive	3,187,500	-	-
Khawaja Jalaluudin Roomi	Director	50,000	-	Resigned on 28-Sep-23
Khawaja Najamuddin Roomi	Director	118,000	-	Appointed on 28-Sep-23
Mr. Nasim Beg	Director	-	-	-
Mr. Samad A. Habib	Director	-	-	-
Mr. Kashif A. Habib	Director	-	-	-
Mr. Muhammad Ejaz	Director	-	-	-
Ms. Zeba Bakhtiar	Director	-	-	-
Mr. Mohsin Madni	CFO	-	-	-
Mr. Manzoor Raza	Company Secretary	-	-	-
Mr. Razi Haider	Head of Internal Audit	-	-	-
Mrs. Lubna Khawaja	Spouse of Mr. Asadullah Khawaja	-	-	-
Minor children	-	-	-	-





# Annexure II

## Statement showing attendance at Board Meetings

From 1<sup>st</sup> July 2023 to 30<sup>th</sup> June 2024

Name	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Asadullah Khawaja	Chairman	5	5	5	-	-
Mr. Arif Habib	Chief Executive	5	5	5	-	-
Khawaja Jalaluudin Roomi	Director	5	1	1	-	Resigned on 28-Sep-23
Khawaja Najamuddin Roomi	Director	5	4	4	-	Appointed on 28-Sep-23
Mr. Nasim Beg	Director	5	5	5	-	-
Mr. Samad A. Habib	Director	5	5	5	-	-
Mr. Kashif A. Habib	Director	5	5	5	-	-
Mr. Muhammad Ejaz	Director	5	5	5	-	-
Ms. Zeba Bakhtiar	Director	5	5	5	-	-

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

### Board Audit Committee (BAC)

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

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

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

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

- determination of appropriate measures to safeguard the company's assets
- review of quarterly, half-yearly and annual financial statements of the company
- ensuring coordination between the internal and external auditors of the company
- review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company



- consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto
- ascertaining that the internal control systems are adequate and effective
- determination of compliance with relevant statutory requirements
- monitoring compliance with the best practices of corporate governance and identification of significant violations thereof

Name	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Khawaja Najamuddin Roomi	Chairman	4	3	3	-	-
Mr. Kashif A. Habib	Director	4	4	3	1	-
Mr. Muhammad Ejaz	Director	4	4	4	-	-
Khawaja Jalaluddin Roomi	Former Chairman	4	1	1	-	-

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

#### Human Resource and Remuneration Committee (HR&RC)

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

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

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

Name	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Ms. Zeba Bakhtiar	Chairperson	2	2	2	-	-
Mr. Arif Habib	Member	2	2	2	-	-
Mr. Nasim Beg	Member	2	2	2	-	-
Mr. Kashif A. Habib	Member	2	2	2	-	-

#### Investments & Projects Diversification Committee (IPDC)

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

- Reviewing new investment opportunities keeping in view various factors including risk, return, diversification and growth;
- Continuous monitoring of the investments already made and recommending corrective strategies, if required; and



- Reviewing the Key assumptions used by the management of investee companies to determine Fair values of strategic investments.

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

Name	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Arif Habib	Chairman	2	2	2	-	-
Mr. Nasim Beg	Member	2	2	2	-	-
Mr. Samad A. Habib	Member	2	2	2	-	-
Mr. Kashif A. Habib	Member	2	2	2	-	-

## Management Committees

### Executive Committee on Risk Management (ECRM)

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

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

### Executive Committee on Human Resource (ECHR)

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

Name	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Arif Habib	Chairman	1	1	1	-	-
Mr. Samad A. Habib	Director	1	1	1	-	-



# Annexure III

## Pattern of Shareholding (Symbol : AHCL)

As at 30<sup>th</sup> June 2024

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouse(s) and minor children	14	332,506,068	81.42
Associated Companies, undertakings and related parties	5	37,669,976	9.22
NIT & ICP	1	724,292	0.18
Banks Development Financial Institutions, Non Banking Financial Financial Institutions.	3	307,606	0.08
Insurance Companies	2	3,539,589	0.87
Modarabas and Mutual Funds	-	-	-
General Public - Local	2,846	219,919,474	5.37
General Public - Foreign	9	498,354	0.12
Others	44	11,209,641	2.74
<b>Total</b>	<b>2,924</b>	<b>408,375,000</b>	<b>100</b>





# Annexure III

## Pattern of Shareholding (Symbol : AHCL)

As at 30<sup>th</sup> June 2024

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors, Chief Executive Officer and their spouse(s) and minor children</b>			
Arif Habib	2	332,108,467	81.32
Khawaja Najamuddin Roomi	3	273,000	0.07
Asadullah Khawaja	2	81,006	0.02
Muhammad Kashif	1	35,290	0.01
Nasim Beg	2	2,078	0.00
Abdus Samad	1	1,006	0.00
Muhammad Ejaz	1	121	0.00
Zeba Bakhtiar	1	100	0.00
Lubna Khawaja	1	5,000	0.00
<b>Associated Companies, undertakings and related parties</b>			
Nida Ahsan	1	18,887,416	4.63
Sharmin Shahid	1	18,673,000	4.57
Tasnim Beg	1	105,000	0.03
Abdul Rahim Khawaja	1	4,500	0.00
Muhammad Shahzad	1	60	0.00
<b>NIT &amp; ICP</b>	1	724,292	0.18
<b>Banks Development Financial Institutions, Non Banking Financial Financial Institutions.</b>	3	307,606	0.08
<b>Insurance Companies</b>	2	3,539,589	0.87
<b>Modarabas and Mutual Funds</b>	-	-	-
<b>General Public</b>			
a. Local	2,846	21,919,474	5.37
b. Foreign	9	498,354	0.12
<b>Others</b>	44	11,209,641	2.74
<b>Total</b>	<b>2,924</b>	<b>408,375,000</b>	<b>100</b>
<b>Shareholders holding 10% or more</b>		<b>Shares Held</b>	<b>Percentage</b>
Arif Habib		332,108,467	81.32



# Annexure III

## Pattern of Shareholding (Symbol : AHCL)

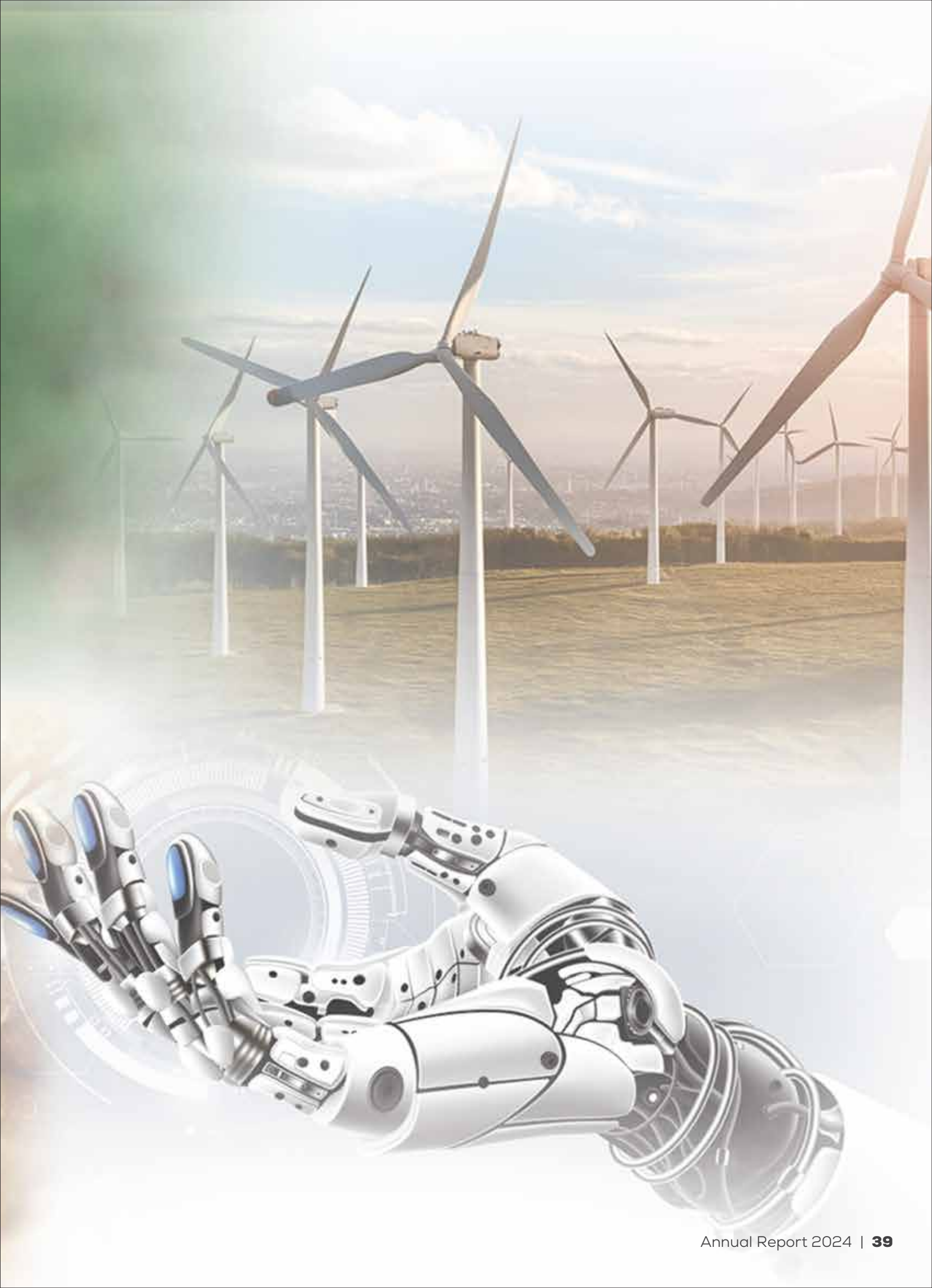
As at 30<sup>th</sup> June 2024

No. of Shareholders		Shareholdings' Slab		Total Shares Held
788	1	to	100	18,489
628	101	to	500	188,581
400	501	to	1,000	314,202
706	1,001	to	5,000	1,692,083
152	5,001	to	10,000	1,117,229
76	10,001	to	15,000	943,535
155	15,001	to	500,000	10,732,416
13	500,001	to	2,500,000	16,246,534
2	2,500,001	to	10,000,000	7,453,048
2	10,000,001	to	50,000,000	37,560,416
1	50,000,001	to	100,000,000	79,938,467
1	100,000,001	to	252,170,000	252,170,000
2,924				408,375,000





# Group Companies





# Fatima Fertilizer Company Limited

Fatima Fertilizer Company Limited (FFCL), a joint venture between the Fatima Group and Arif Habib Group, was established to address Pakistan's growing agricultural demands. The company set up a state-of-the-art greenfield complex with a production capacity of 1.4 million tonnes at its fully integrated facility in Sadiqabad, Rahim Yar Khan, strategically located near the Mari Gas Field, which provides its feedstock.

Today, FFCL boasts an impressive total annual production capacity of 2.57 million tonnes, with plants spread across Sadiqabad, Sheikhpura, and Multan. The company is publicly listed on the Pakistan Stock Exchange, reflecting its significant role in the nation's agricultural development.





# Arif Habib Limited

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, Euromoney, 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.









# Aisha Steel Mills Limited

Aisha Steel Mills Limited (ASML) is a publicly listed company and one of the key players in Pakistan's flat-rolled steel industry.

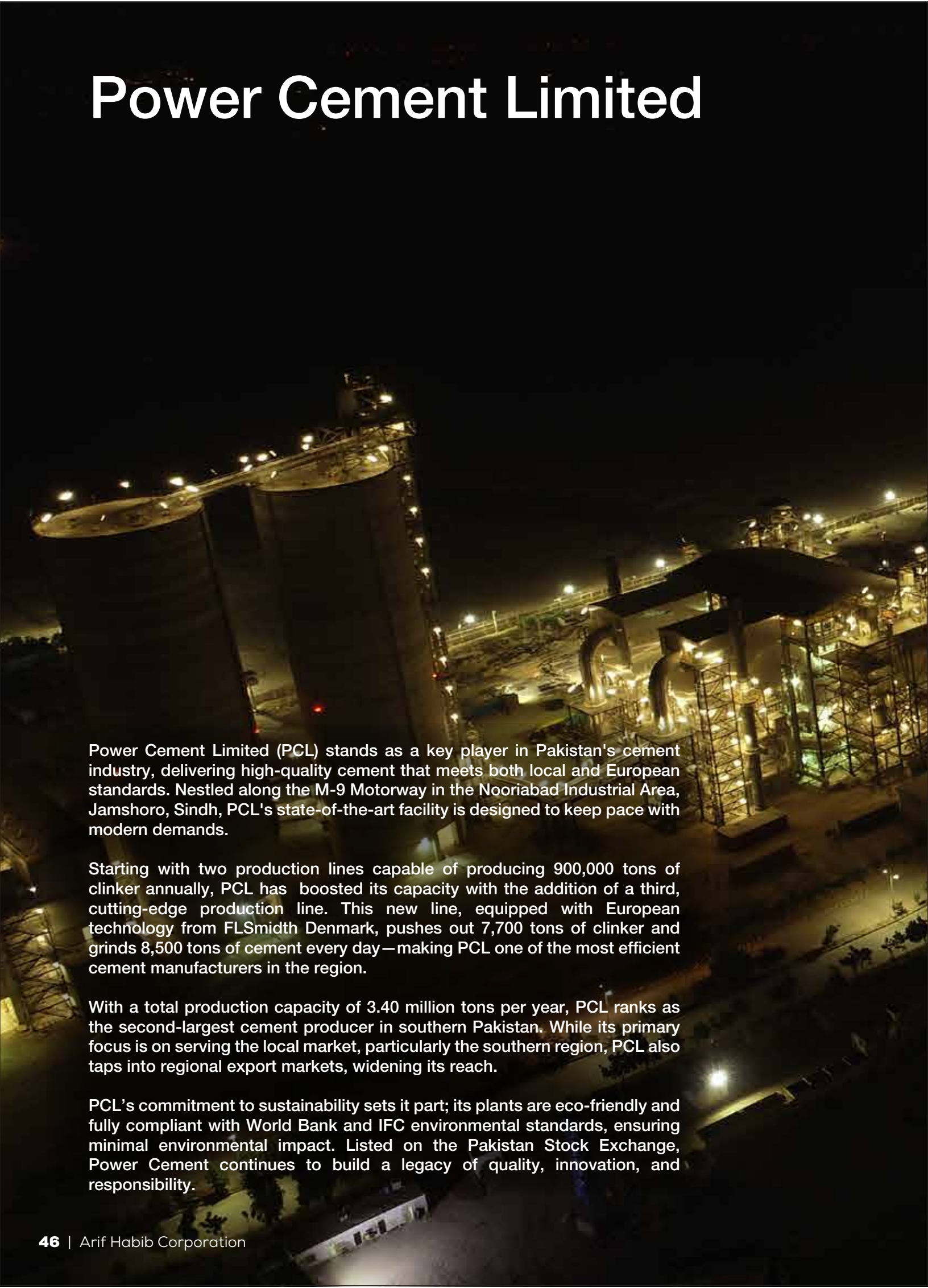
Since beginning operations in 2012, ASML has been producing Cold Rolled and Hot Dipped Galvanized coils, with a nameplate capacity of 850,000 metric tons. The facility is outfitted with cutting-edge technology sourced from leading manufacturers in Germany, Japan, Austria, and China.

ASML has established itself as a key supplier of Cold Rolled Annealed and Galvanized Coils in the local market and exports to the United States, Europe, Canada, South Africa, and the Middle East, expanding its footprint on the global stage.





# Power Cement Limited



Power Cement Limited (PCL) stands as a key player in Pakistan's cement industry, delivering high-quality cement that meets both local and European standards. Nestled along the M-9 Motorway in the Nooriabad Industrial Area, Jamshoro, Sindh, PCL's state-of-the-art facility is designed to keep pace with modern demands.

Starting with two production lines capable of producing 900,000 tons of clinker annually, PCL has boosted its capacity with the addition of a third, cutting-edge production line. This new line, equipped with European technology from FLSmidth Denmark, pushes out 7,700 tons of clinker and grinds 8,500 tons of cement every day—making PCL one of the most efficient cement manufacturers in the region.

With a total production capacity of 3.40 million tons per year, PCL ranks as the second-largest cement producer in southern Pakistan. While its primary focus is on serving the local market, particularly the southern region, PCL also taps into regional export markets, widening its reach.

PCL's commitment to sustainability sets it apart; its plants are eco-friendly and fully compliant with World Bank and IFC environmental standards, ensuring minimal environmental impact. Listed on the Pakistan Stock Exchange, Power Cement continues to build a legacy of quality, innovation, and responsibility.





# Sachal Energy Development (Pvt) Limited

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

The Group believes that clean energy is the future, and SEDPL is committed to reducing Pakistan's dependence on fossil fuels and contributing to a more sustainable energy landscape.

Our wind farm generates 136.5 GWh of clean energy annually, helping to meet the country's growing energy demands. SEDPL was a key project under the China-Pakistan Economic Corridor (CPEC), with its groundbreaking ceremony performed by the Chinese President. We are proud to be the first Pakistani-owned wind project under CPEC to achieve commercial operations and the first such project to secure financing from leading Chinese institutions like SINOSURE and ICBC.

SEDPL will continue to supply clean energy to the national grid through the National Transmission and Despatch Company, playing a vital role in Pakistan's energy transition.





# Arif Habib Dolmen REIT Management Limited

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

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

The objective of the company is to provide 360-degree real estate solution to its clients including Research, Advisory, Project Management and establishing Real Estate Investment Trusts (REITs) on carefully selected and commercially viable properties, with the aim of bringing real estate investment within the reach of common investors. In addition to having the highest number of REITs in Pakistan, the company prides itself with a legacy of firsts;

- First licensed REIT Management Company in Pakistan
- First listed REIT Scheme in South Asia
- First PPP REIT Scheme
- First Listed Developmental REIT
- First Listed Rental REIT







# Javedan Corporation Limited

The Arif Habib Group holds a substantial stake in Javedan Corporation Limited (JCL), which originally began as a cement manufacturing plant in 1960. As the city expanded and residential areas grew around the facility, environmental concerns led to the plant's closure. In its place, the visionary Naya Nazimabad housing society was developed, transforming the heart of Karachi. Spanning 1,366 acres and located just 2 km from Sakhi Hasan, North Nazimabad, this project not only revitalized the area but also set the stage for positive developments in the surrounding neighborhoods.

Naya Nazimabad stands out as a pioneering, fully self-owned real estate development of its era. It offers an impressive range of amenities, including an international standard cricket stadium, football and basketball facilities complete with academies, and lush green spaces featuring award-winning trees. The community also includes a grand mosque with a spacious, column-free prayer hall, top-tier educational institutions, a medical center, a hospital, and a bustling commercial precinct.

As Naya Nazimabad continues to flourish, it is rapidly evolving into a vibrant, thriving community. With new residents moving in and countless homes in various stages of construction and approval, the area offers an unmatched lifestyle in one of Karachi's most densely populated regions. The completion of a 1.6-kilometer-long flyover connecting Sakhi Hasan to Naya Nazimabad's entrance has further enhanced access for residents.

A pioneer in setting trends, the Arif Habib Group introduced a series of apartment projects under the innovative REIT model, which received an enthusiastic response. Looking ahead, even more apartment and commercial projects are in the pipeline. Additionally, the Naya Nazimabad Gymkhana has opened its doors, with memberships rapidly filling up. This collective progress cements Naya Nazimabad's status as a beacon of urban transformation, leaving a lasting impact on Karachi's landscape.







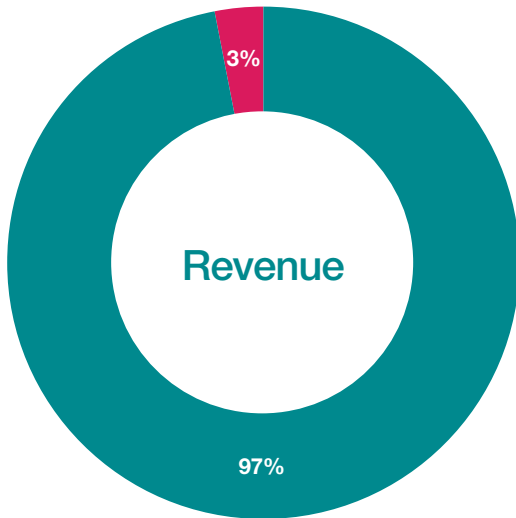
# Financial Highlights



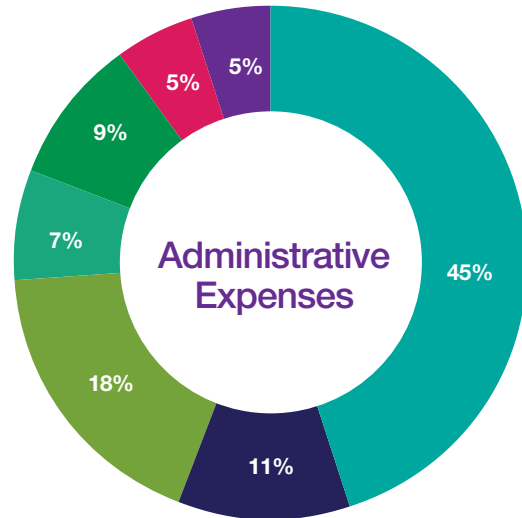




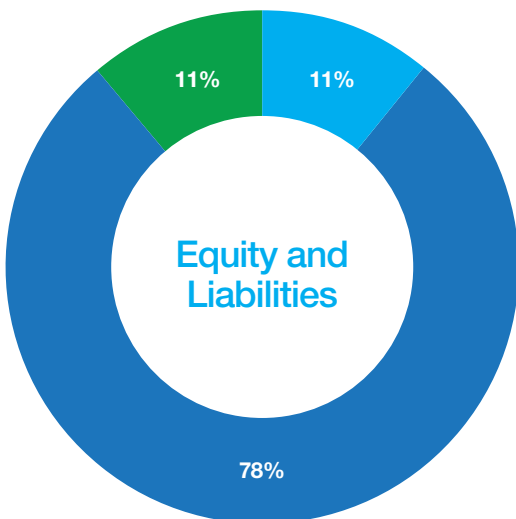
# AHCL 2024 at a Glance



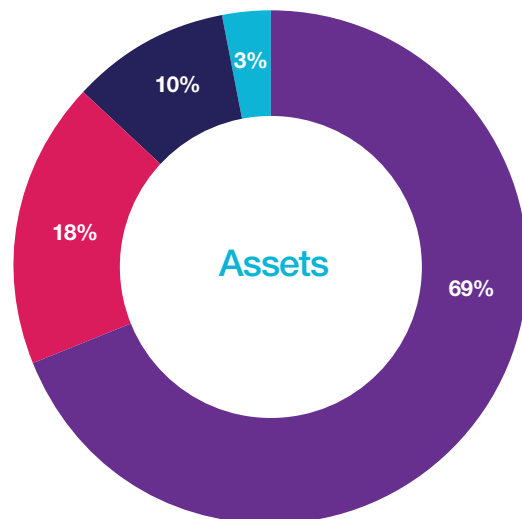
■ Dividend, 97% ■ Others, 3%



■ Salaries and benefits, 45% ■ Depreciation, 11%  
 ■ Others, 18% ■ Utilities, repairs & maintenances, 7%  
 ■ Travelling and conveyance, 9% ■ Legal and professional charges, 5%  
 ■ Advertisement and business promotions, 5%



■ Reserves, 78% ■ Paid-up capital, 11%  
 ■ Liabilities, 11%

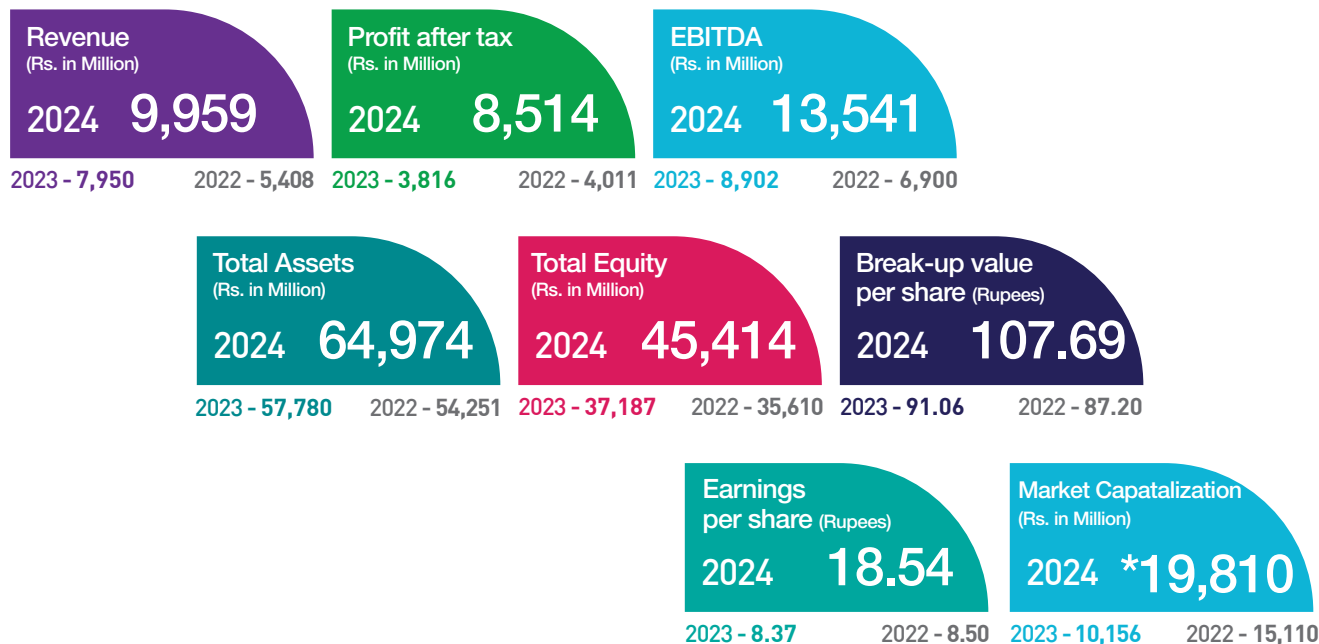


■ Long term investments, 69% ■ Short term investments, 18%  
 ■ Loan advances, 10% ■ Other assets, 3%

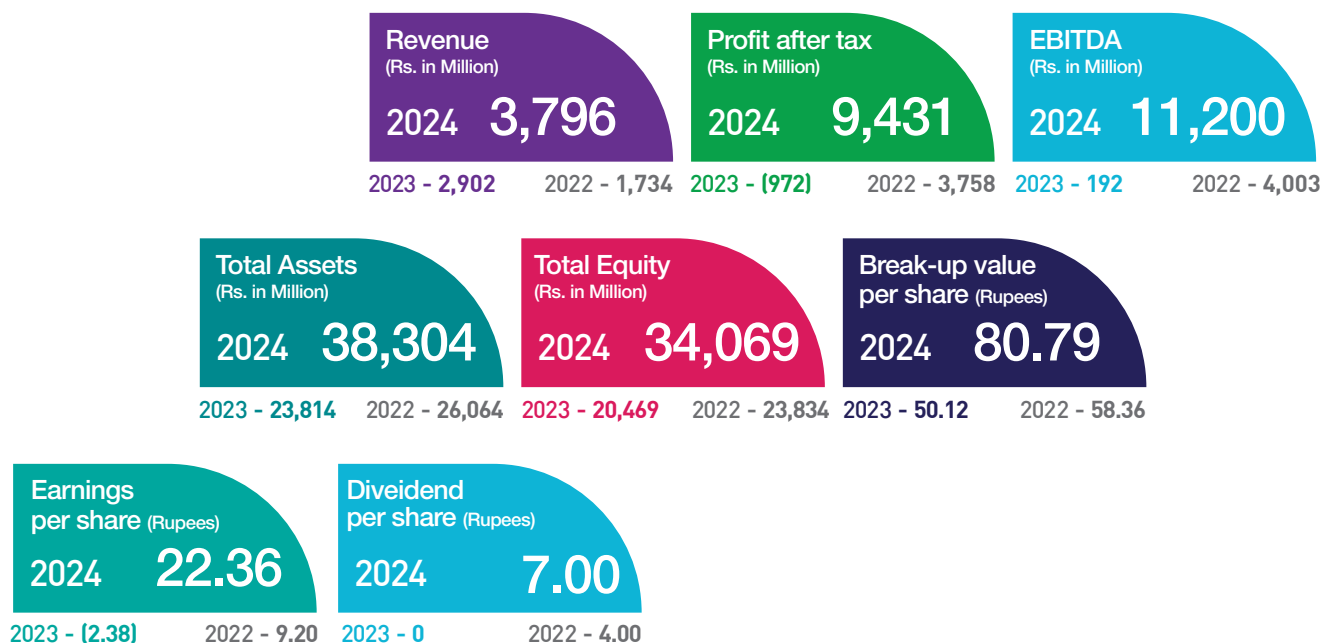


# Key Figures & Highlights

## on Consolidated Basis



## on Unconsolidated Basis



\*based on issued capital of 408.38 million shares



# Financial & Business Highlights

## Six Years at a Glance

Year ended 30 <sup>th</sup> June	2024	2023	2022	2021	2020	2019
<b>Profit and Loss Account</b>						
Revenue	3,795.84	2,902.36	1,733.78	1,058.89	782.51	830.03
Gain on sale of securities - net	387.99	0.43	637.45	204.62	646.38	63.95
Operating & administrative expenses	(170.02)	(166.14)	(120.44)	(120.14)	(115.25)	(102.49)
Net finance (cost) / income	(302.83)	(138.08)	7.38	13.70	(107.94)	49.42
Gain / (Loss) on remeasurement of investments	7,158.56	(2,563.88)	1,730.21	3,188.97	(1,647.45)	(1,721.23)
(Charges) / Other income	(3.62)	3.22	2.53	(49.50)	(0.07)	(21.46)
<b>Profit / (Loss) before tax</b>	<b>10,879.40</b>	37.91	3,990.90	4,296.54	(441.81)	(901.79)
<b>Profit / (Loss) after tax</b>	<b>9,430.60</b>	(972.36)	3,757.72	3,874.06	(569.88)	(963.84)
<b>EBITDA</b>	<b>11,200.26</b>	192.09	4,003.01	4,302.54	(315.72)	(945.74)
<b>Balance Sheet</b>						
Share capital	4,216.97	4,083.75	4,083.75	4,083.75	4,083.75	4,537.50
Reserves	29,852.47	16,385.42	19,749.97	17,280.79	14,019.29	15,340.45
Property and equipment	49.53	25.91	37.43	61.04	61.59	25.27
Long term investments	26,363.02	17,881.95	19,184.75	16,321.39	15,325.67	16,403.15
Current assets	11,666.78	5,821.92	6,729.57	6,243.04	3,453.26	10,114.25
Current liabilities	2,899.11	2,813.73	2,097.37	1,140.57	759.12	6,830.62
Non current liabilities	1,335.48	531.16	132.73	258.90	115.86	-
<b>Total assets</b>	<b>38,304.03</b>	23,814.06	26,063.82	22,764.01	18,978.03	26,708.57
<b>Total liabilities</b>	<b>4,234.59</b>	3,344.88	2,230.10	1,399.47	874.99	6,830.62
<b>Performance</b>						
Return on equity (%)	34.58%	(4.39%)	16.63%	19.63%	(3.00%)	(3.87%)
Return on Assets (%)	30.36%	(3.90%)	15.39%	18.56%	(2.49%)	(2.94%)
Return on capital employed (%)	31.58%	0.84%	16.62%	19.81%	(1.83%)	(4.79%)
Income / expense ratio (x)	23.98	1.12	36.30	41.37	(0.98)	(15.99)
Earning Asset / Total Asset Ratio (%)	97.94%	99.07%	99.61%	99.59%	96.14%	99.57%
Break- up value per share (PKR)	80.79	50.12	58.36	52.32	44.33	43.81
<b>Leverage</b>						
Total liabilities to equity ratio (%)	12.43%	16.34%	9.36%	6.55%	4.83%	34.36%
Cost of debt (%)	23.17%	17.73%	10.07%	9.00%	14.47%	9.34%
Long term liabilities to equity ratio (%)	3.92%	2.59%	0.56%	1.21%	0.64%	0.00%
Interest cover ratio (x)	36.93	1.27	-	-	-	-



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

2024 2023 2022 2021 2020 2019

### Liquidity

Current ratio (x)	4.02	2.07	3.21	5.47	4.55	1.48
Cash to current liabilities (%)	1.59%	1.43%	1.96%	25.96%	4.64%	6.25%

### Valuation

Price earning ratio (x)	2.17	(10.44)	4.02	4.22	(21.75)	(11.66)
Break-up value per share (PKR)	80.79	50.12	58.36	52.32	44.33	43.81
Cash dividend per share (PKR)	7.00	-	4.00	3.00	1.50	-
Dividend Declared (%)	*70%	-	40.00%	30.00%	15.00%	0.00%
Dividend yield (%)	*14.43%	-	10.8%	7.49%	5.0%	0.00%
Dividend payout ratio (%)	*31.30%	-	43.5%	31.6%	(107%)	0.00%
Dividend cover ratio (x)	*3.19	-	2.30	3.16	(0.93)	-
Market value per share (end of year) (PKR)	48.51	24.87	37.00	40.03	30.00	24.71
High (during the year) (PKR)	49.00	37.40	41.20	46.62	36.25	37.80
Low (during the year) (PKR)	24.25	22.75	31.75	29.11	19.01	18.52
Earnings / (Loss) Per Share (PKR)	22.36	(2.38)	9.20	9.49	(1.38)	(2.12)

\*Proposed

### Shareholders' Return

Arif Habib Corporation Limited - annual total return (%)	95.05%	(24.64%)	(0.08%)	40.46%	21.41%	(24.30%)
Karachi Stock Exchange 100 Index - annual return (%)	89.24%	(0.20%)	(12.30%)	37.60%	1.53%	(19.10%)
Shareholders' return differential: AHSL-KSE-100 Index (%)	5.81%	(24.44%)	12.22%	2.86%	19.88%	(5.20%)

## Graph for the year ended on 30<sup>th</sup> June 2024





# Horizontal Analysis of Financial Statements

	2024 Rupees in million	% YoY 2024-23	2023 Rupees in million	% YoY 2023-22	2022 Rupees in million	% YoY 2022-21
<b>Balance Sheet</b>						
Total equity	34,069.44	66.44	20,469.17	(14.12)	23,833.72	11.56
Total non-current liabilities	1,335.48	151.43	531.16	300.18	132.73	(48.73)
Total current liabilities	2,899.11	3.03	2,813.73	34.15	2,097.37	83.89
Total equity and liabilities	38,304.03	60.85	23,814.06	(8.63)	26,063.82	14.50
Total non-current assets	26,637.25	48.05	17,992.14	(6.94)	19,334.25	17.03
Total current assets	11,666.78	100.39	5,821.92	(13.49)	6,729.57	7.79
Total assets	38,304.03	60.85	23,814.06	(8.63)	26,063.82	14.50
<b>Profit and Loss Account</b>						
Revenue	3,795.84	30.78	2,902.36	67.40	1,733.78	63.74
Gain on sale of securities - net	387.99	91,041.78	0.43	(99.93)	637.45	211.53
Operating and administrative expenses	(170.02)	2.34	(166.14)	37.95	(120.44)	0.25
Net finance (cost) / income	(302.83)	119.33	(138.08)	(1,972.15)	7.38	(46.18)
Gain / (loss) on remeasurement of investments - net	7,158.56	379.21	(2,563.88)	(248.18)	1,730.21	(45.74)
Unrealised gain on remeasurement of investment property	13.50	100.00	-	-	-	-
(Charges) / other incomes - net	(3.62)	(212.61)	3.22	27.29	2.53	105.11
Profit / (loss) before tax	10,879.40	28,598.05	37.91	(99.05)	3,990.90	(7.11)
Taxation	(1,448.80)	43.41	(1,010.27)	333.26	(233.18)	44.81
Profit / (loss) after tax	9,430.60	(1,069.87)	(972.36)	(125.88)	3,757.72	(3.00)



	2021 Rupees in million	% YoY 2021-20	2020 Rupees in million	% YoY 2020-19	2019 Rupees in million	% YoY 2019-18
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### Balance Sheet

Total equity	21,364.54	18.02	18,103.04	(8.93)	19,877.95	(33.53)
Total non-current liabilities	258.90	123.45	115.86	100.00	-	(100.00)
Total current liabilities	1,140.57	50.25	759.12	(88.89)	6,830.62	7.33
Total equity and liabilities	22,764.01	19.95	18,978.03	(28.94)	26,708.57	(31.42)
Total non-current assets	16,520.97	6.42	15,524.77	(6.45)	16,594.31	(40.28)
Total current assets	6,243.04	80.79	3,453.26	(65.86)	10,114.25	(9.35)
Total assets	22,764.01	19.95	18,978.03	(28.94)	26,708.57	(31.42)

### Profit and Loss Account

Revenue	1,058.89	35.32	782.51	(5.72)	830.03	(37.97)
Gain on sale of securities - net	204.62	(68.34)	646.38	910.80	63.95	18.25
Operating and administrative expenses	(120.14)	4.25	(115.25)	12.44	(102.49)	3.50
Net finance (cost) / income	13.70	112.70	(107.94)	(318.44)	49.42	239.11
Gain / (loss) on remeasurement of investments - net	3,188.97	293.57	(1,647.45)	4.29	(1,721.23)	491.04
Unrealised gain on remeasurement of investment property	-	-	-	-	-	-
(Charges) / other incomes - net	(49.50)	74,318.28	(0.07)	99.69	(21.46)	94.65
Profit / (loss) before tax	4,296.54	1,072.48	(441.81)	51.01	(901.79)	(195.11)
Taxation	(422.48)	229.90	(128.06)	106.38	(62.05)	51.19
Profit / (loss) after tax	3,874.06	779.81	(569.88)	40.87	(963.84)	(217.40)



# Vertical Analysis of Financial Statements

	2024 Rupees in million	% YoY 2024-23	2023 Rupees in million	% YoY 2023-22	2022 Rupees in million	% YoY 2022-21
<b>Balance Sheet</b>						
Total equity	34,069.44	88.99	20,469.17	85.95	23,833.72	91.44
Total non-current liabilities	1,335.48	3.49	531.16	2.23	132.73	0.51
Total current liabilities	2,899.11	7.57	2,813.73	11.82	2,097.37	8.05
Total equity and liabilities	38,304.03	100.00	23,814.06	100.00	26,063.82	100.00
Total non-current assets	26,637.25	69.54	17,992.14	75.55	19,334.25	74.18
Total current assets	11,666.78	30.46	5,821.92	24.45	6,729.57	25.82
Total assets	38,304.03	100.00	23,814.06	100.00	26,063.82	100.00
<b>Profit and Loss Account</b>						
Revenue	3,795.84	100.00	2,902.36	100.00	1,733.78	100.00
Gain on sale of securities - net	387.99	10.22	0.43	0.01	637.45	36.77
Operating and administrative expenses	(170.02)	(4.48)	(166.14)	(5.72)	(120.44)	(6.95)
Net finance (cost) / income	(302.83)	(7.98)	(138.08)	(4.76)	7.38	0.43
Gain / (loss) on remeasurement of investments - net	7,158.56	188.59	(2,563.88)	(88.34)	1,730.21	99.79
Unrealised gain on remeasurement of investment property	13.50	0.36	-	-	-	-
(Charges) / other incomes - net	(3.62)	(0.10)	3.22	0.11	2.53	0.15
Profit / (loss) before tax	10,879.40	286.61	37.91	1.31	3,990.90	230.19
Taxation	(1,448.80)	(38.17)	(1,010.27)	(34.81)	(233.18)	(13.45)
Profit / (loss) after tax	9,430.60	248.45	(972.36)	(33.50)	3,757.72	216.74



	2021 Rupees in million	% YoY 2021-20	2020 Rupees in million	% YoY 2020-19	2019 Rupees in million	% YoY 2019-18
<b>Balance Sheet</b>						
Total equity	21,364.54	93.85	18,103.04	95.39	19,877.95	74.43
Total non-current liabilities	258.90	1.14	115.86	0.61	-	-
Total current liabilities	1,140.57	5.01	759.12	4.00	6,830.62	25.57
Total equity and liabilities	22,764.01	100.00	18,978.03	100.00	26,708.57	100.00
Total non-current assets	16,520.97	72.57	15,524.77	81.80	16,594.31	62.13
Total current assets	6,243.04	27.43	3,453.26	18.20	10,114.25	37.87
Total assets	22,764.01	100.00	18,978.03	100.00	26,708.57	100.00
<b>Profit and Loss Account</b>						
Revenue	1,058.89	100.00	782.51	100.00	830.03	100.00
Gain on sale of securities - net	204.62	19.32	646.38	82.60	63.95	7.70
Operating and administrative expenses	(120.14)	(11.35)	(115.25)	(14.73)	(102.49)	(12.35)
Net finance (cost) / income	13.70	1.29	(107.94)	(13.79)	49.42	5.95
Gain / (loss) on remeasurement of investments - net	3,188.97	301.16	(1,647.45)	(210.53)	(1,721.23)	(207.37)
Unrealised gain on remeasurement of investment property	-	-	-	-	-	-
(Charges) / other incomes - net	(49.50)	(4.67)	(0.07)	(0.01)	(21.46)	(2.59)
Profit / (loss) before tax	4,296.54	405.76	(441.81)	(56.46)	(901.79)	(108.65)
Taxation	(422.48)	(39.90)	(128.06)	(16.37)	(62.05)	(7.48)
Profit / (loss) after tax	3,874.06	365.86	(569.88)	(72.83)	(963.84)	(116.12)

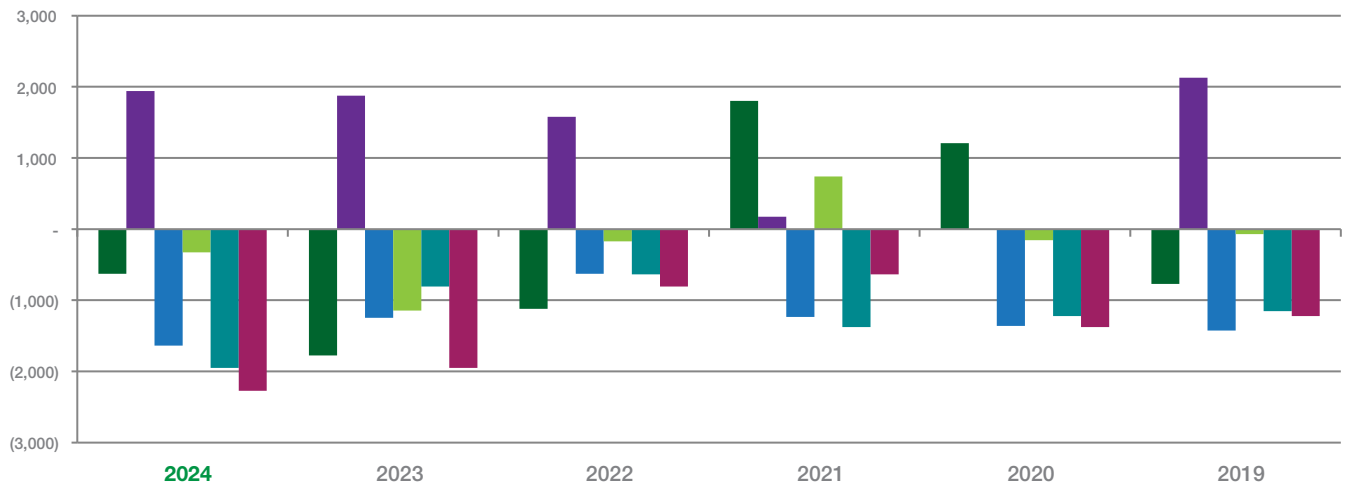




# Summary of Cash Flow Statements

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

Rupees in million



- Net cash flows from operating activities
- Net cash flows from investing activities
- Net change in cash and cash equivalents
- Cash and cash equivalents at beginning of the year
- Net cashflows from financing activities
- Cash and cash equivalents at end of the year

	2024	2023	2022	2021	2020	2019
----- Rupees in million -----						
Net cash flows from operating activities	(2,649.86)	(628.63)	(1,774.27)	(1,119.56)	1,803.15	1,207.52
Net cash flows from investing activities	3,683.88	1,940.97	1,874.81	1,576.92	174.72	(0.45)
Net cashflows from financing activities	784.87	(1,639.81)	(1,245.60)	(627.89)	(1,236.62)	(1,362.68)
Net change in cash and cash equivalents	1,818.90	(327.46)	(1,145.06)	(170.53)	741.25	(155.61)
Cash and cash equivalents at beginning of the year	(2,273.93)	(1,949.76)	(806.55)	(635.59)	(1,377.03)	(1,223.00)
Cash and cash equivalents at end of the year	(455.35)	(2,273.93)	(1,949.76)	(806.55)	(635.59)	(1,377.03)

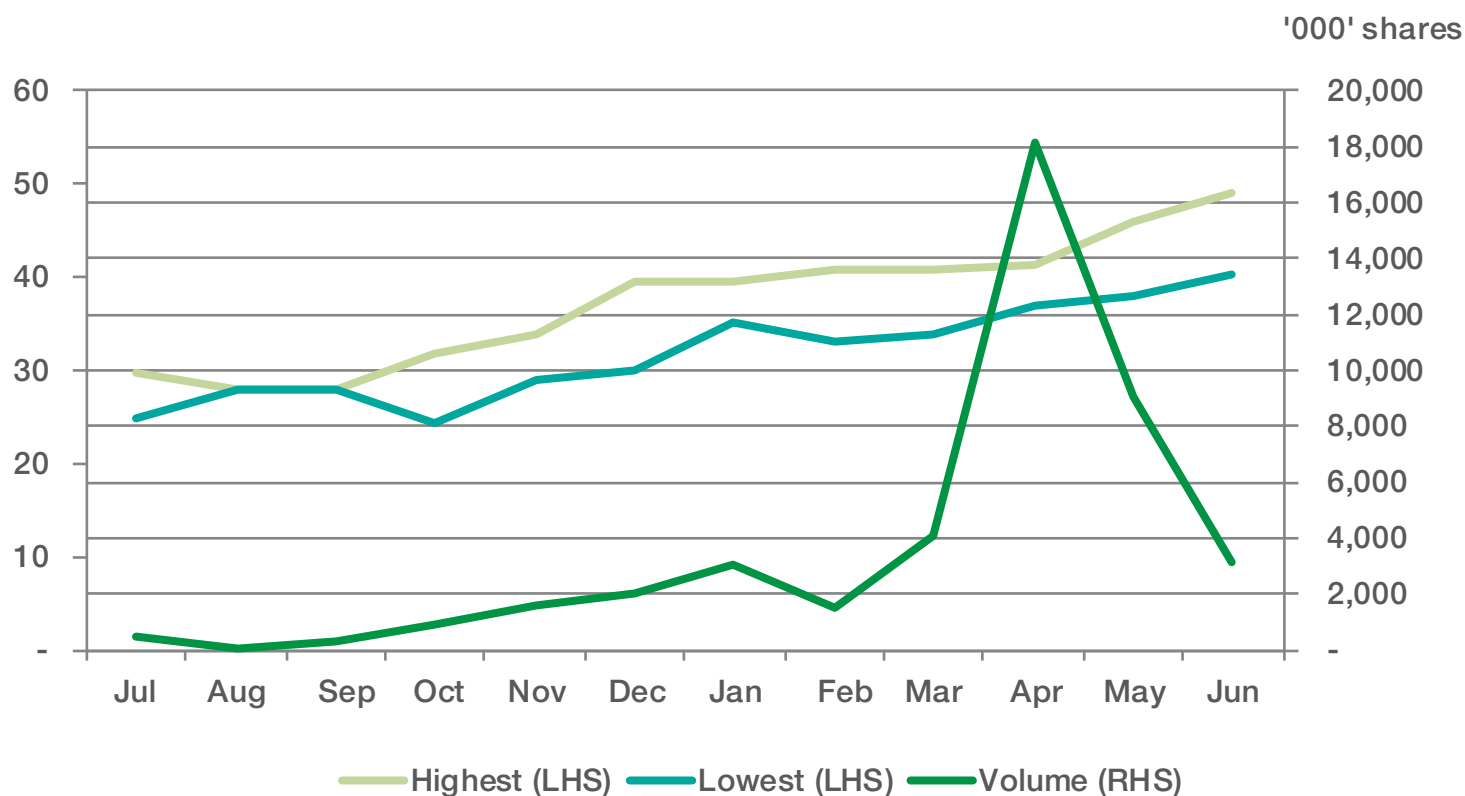


# Share Price / Volume Analysis

## AHCL Share Price on the PSX

Month	Highest (LHS)	Lowest (LHS)	Volume (RHS)
July-23	29.70	25.00	525,500
August-23	28.00	27.98	89,500
September-23	27.90	27.89	319,000
October-23	31.70	24.25	962,500
November-23	33.86	29.00	1,648,500
December-23	39.50	29.95	2,060,000
January-24	39.60	35.20	3,061,000
February-24	40.85	33.15	1,550,000
March-24	40.85	34.00	4,125,000
April-24	41.30	37.00	18,192,500
May-24	45.90	38.00	9,084,714
June-24	49.00	40.32	3,178,838
	<b>49.00</b>	<b>24.25</b>	<b>44,797,052</b>

## Share price movement at PSX during FY2024

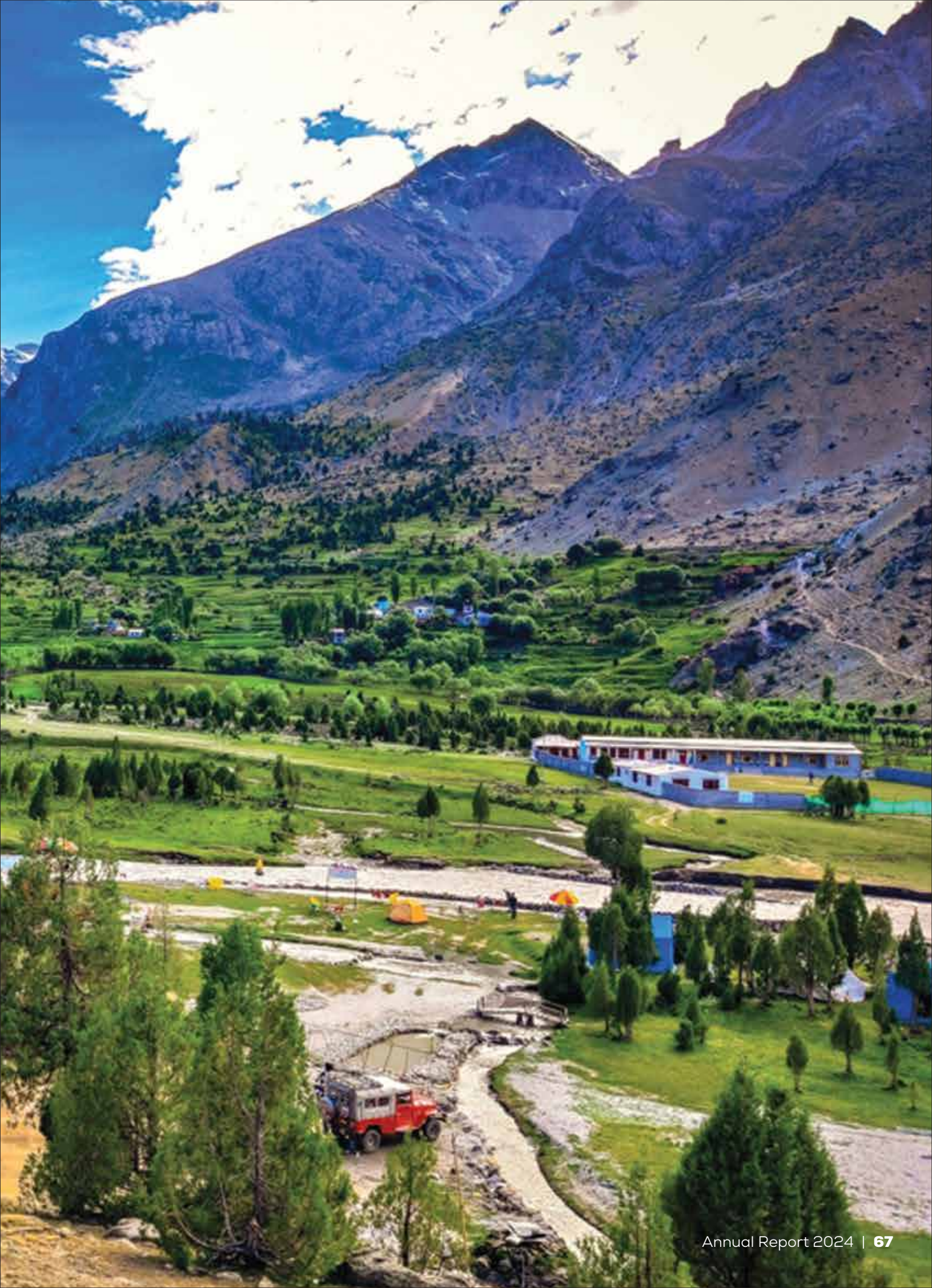




# Sustainability Report

Investing In Pakistani Economy,  
Society & Environment







## Introduction: Commitment to Sustainability

At the Arif Habib Group, sustainability is woven into the fabric of our corporate philosophy. We recognize that our long-term success is deeply tied to the health of the society and environment we operate in. Our mission is to leverage our resources not only to mitigate any adverse impact but also to actively contribute to societal well-being and environmental sustainability.

Our commitment is not just a top-down directive; it is embedded across every level of our organization, influencing our decision-making, operations, and partnerships. By embracing the principles of sustainable development, we aim to build a flourishing society—one that thrives on education, healthcare, environmental stewardship, and economic resilience.

## Sustainable Development Goals (SDGs)

As part of our strategy to create a sustainable future, we have aligned our operations with a number of the United Nations' Sustainable Development Goals. This year, we are deepening our focus on the following goals:

- SDG 2: Zero Hunger
- SDG 3: Good Health and Well-being
- SDG 4: Quality Education
- SDG 5: Gender Equality
- SDG 6: Clean Water and Sanitation
- SDG 7: Affordable and Clean Energy
- SDG 8: Decent Work and Economic Growth
- SDG 10: Reduced Inequality
- SDG 11: Sustainable Cities and Communities
- SDG 12: Responsible Consumption and Production
- SDG 13: Climate Action

## Addressing Food Security



Despite being a major agricultural producer, Pakistan faces a growing food security crisis. The slow adoption of modern farming practices has hindered our ability to fully harness the country's agricultural potential.

At Arif Habib Group, we are committed to driving positive change. Through Fatima Fertilizer, we provide farmers with high-quality fertilizers and expert guidance to boost yields. Under the 'Sarsabz Pakistan' banner, a number of initiatives have been brought to life which include a mobile app that offers tailored crop advice and water management solutions, empowering farmers to make informed decisions, trainings, technical seminars, mega conventions and much more.

Moreover, we engage directly with communities through ration drives and food bank operations. Javedan Corporation Limited's food bank continues to provide vital support to families within the vicinity of Naya Nazimabad. We also work to minimize cafeteria waste and promote water conservation across all our operational sites.

By combining agricultural innovation and community engagement, we aim to contribute to a more food-secure and sustainable Pakistan.



# Promoting Health and Well-Being: a Commitment to Our Communities

3 GOOD HEALTH AND WELL-BEING



Over the years, the Arif Habib Group has consistently invested in the well-being of our people and the communities in which we operate.

Our group companies have supported a wide range of causes, with contributions to leading healthcare institutions such as Shaukat Khanum Memorial Cancer Hospital, the Sindh Institute of Urology and Transplantation (SIUT), The Patients' Behbud Society for AKUH, Lahore Institute of Health Sciences, Kharadar General Hospital, Indus Hospital, and The Kidney Centre.

We are proud to extend our support to the Memon Medical Institute, a project of the Memon Health & Education Foundation. This institute is committed to delivering accessible and affordable healthcare and education with dignity and empathy. As it prepares to expand, the Arif Habib Group remains a key supporter in its growth journey.



Our contributions also include Mukhtar A. Sheikh Hospital, a state-of-the-art facility located in Southern Punjab. Opened to the public in 2018, this 500-bed hospital offers advanced care for a wide range of medical conditions, from routine treatments to complex procedures.

In Naya Nazimabad, Javedan Corporation Limited's Ali Habib Medical Centre (AHMC) is addressing the unmet healthcare needs of local residents. With consultant clinics, modern diagnostic services, and a compassionate staff, AHMC is a beacon of primary healthcare. Through regular medical camps and advocacy for healthier lifestyles, we strive to promote disease prevention and general well-being. Furthermore, plans are underway for the development of a full-scale tertiary hospital within Naya Nazimabad of which the ground breaking has taken place.

In line with our dedication to lifesaving initiatives, several of our group companies have organized blood



drives at their offices and facilities, emphasizing the importance of community contribution to healthcare.

Beyond healthcare, we actively promote physical well-being and community engagement through sports. The Group has built cricket and football stadiums in Naya Nazimabad, each with its own training academy, and this year, the Naya Nazimabad Gymkhana—offering a range of indoor sports facilities—has opened its doors to the public, further enriching the community's access to fitness and recreation.

Through our ongoing initiatives and partnerships, the Arif Habib Group is committed to fostering a healthier, more vibrant future for both our employees and the communities we serve.



# Quality Education

4 QUALITY EDUCATION



Education is the cornerstone of human development, and we are deeply committed to supporting educational institutions that help unlock the potential of individuals and communities.

In pursuit of this goal, Arif Habib Group provides steadfast support to numerous organizations, including Habib University Foundation (HUF), Institute of Business Administration (IBA), Karachi School of Business & Leadership (KSBL), Lahore University of Management Sciences (LUMS), Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI), Namal Education Foundation, and National University of Sciences and Technology (NUST).

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



# Gender Equality

5 GENDER EQUALITY



Empowering women and fostering gender equality are central to our corporate ethos at the Arif Habib Group.

We are committed to creating a workplace culture where diversity and inclusion are prioritized, and where women are empowered to reach their full potential. Our efforts to promote gender equality extend beyond our internal operations to the communities in which we work, ensuring that women have access to safe spaces, educational opportunities, and professional growth.

At Naya Nazimabad, we have prioritized the safety and inclusion of women through the development of public parks and green spaces that are designed to be safe and accessible for all members of the community. In addition, our various educational partnerships, such as with the, advocate gender-equitable access to quality education, enabling more women to pursue higher education and leadership roles.

Through these efforts, we aim to contribute to a future where women have equal opportunities in education, employment, and community leadership, thereby playing a critical role in driving societal progress.





# Clean Water and Environmental Stewardship



Pakistan's water management crisis demands urgent action, and we are committed to playing our part. Naya Nazimabad has taken a pioneering step by setting up a water recycling plant and a rainwater reservoir to ensure efficient water use. A Reverse Osmosis Filtration plant is also under development to harness sub-soil water resources, ensuring clean water access for local communities.

Across the group, we continue to invest in water conservation projects and provide clean drinking water to communities around our operations. Additionally, our push for resource efficiency and renewable energy research positions us as a leader in tackling climate change.

Our commitment to sustainability extends beyond water conservation. At Naya Nazimabad, we have created an urban forest, a vital green space contributing to a healthier and more eco-friendly environment. Through a partnership with the National

Forum for Environment & Health, we have successfully planted over 5,000 trees in multiple waves, helping to combat urban heat and improve air quality. Other group companies have launched similar plantation initiatives, reinforcing our collective responsibility to nurture ecosystems and promote biodiversity.



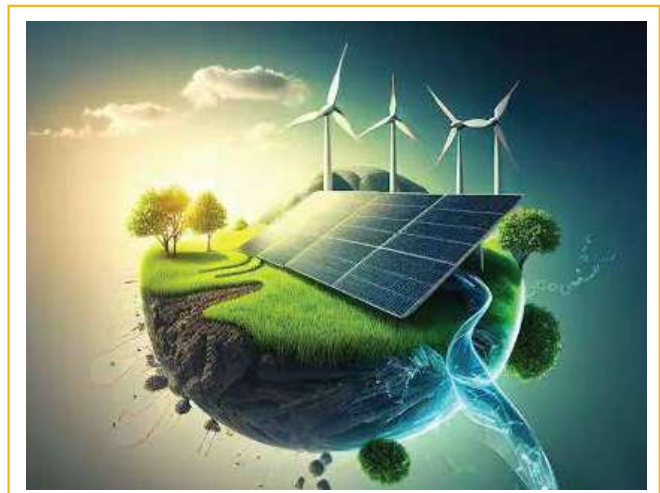
# Driving Renewable Energy Initiatives



In our pursuit of a greener future, the Arif Habib Group has established SEDPL, a 50 MW wind farm in Jhimpir, Sindh, contributing to the country's renewable energy needs.

This wind farm generates clean energy with zero emissions, earning us Certified Emission Reductions (CERs).

Our efforts extend beyond large-scale projects. Naya Nazimabad is designed with energy efficiency at its core, minimizing the need for artificial heating and cooling through natural sunlight and wind harnessing. Power Cement has also implemented a Waste Heat Recovery System and a solar unit at its plant, with plans for further investment in wind energy.





# Empowering Our People

8 DECENT WORK AND ECONOMIC GROWTH



At Arif Habib, we believe that our people are our greatest asset. We strive to create a work environment that is diverse, inclusive, and free from discrimination.

By fostering a culture of continuous learning and growth, we empower our employees to thrive and contribute to our collective success.

Our employees are encouraged to participate in team-building activities, capacity development programs, and job fairs. We also organize various workshops and sporting events to promote collaboration and a sense of community



# Reduced Inequality

10 REDUCED INEQUALITIES



At the Arif Habib Group, we recognize that addressing inequality is essential for building a more just and inclusive society.

Our commitment to reducing inequalities is reflected in various initiatives that prioritize the well-being of underserved communities. Through projects such as Naya Nazimabad, we are offering access to affordable housing solutions to middle-income families, offering them access to safe, well-planned urban living that fosters community growth and social mobility.

In addition, our support for healthcare institutions such as Memon Medical Institute, Ali Habib Medical Centre (AHMC), and Mukhtar A. Sheikh Hospital ensures that high-quality medical services are accessible to people across Pakistan, particularly in underserved areas. By partnering with local organizations and institutions, we extend critical healthcare services, quality education and community support programs, bridging gaps in access to healthcare and education for marginalized groups.

We remain committed to creating opportunities for all, regardless of socioeconomic status, as we continue to foster an environment that champions inclusion, equity, and the upliftment of underrepresented communities.





## Building Sustainable Communities

Naya Nazimabad is our flagship real estate project, designed to provide affordable, sustainable housing solutions for Karachi's growing population.

The community is enriched with parks, green spaces, and recreational facilities, ensuring a high quality of life for its residents. The design incorporates energy-efficient technologies and green spaces that promote environmental sustainability.

We are committed to ensuring that all of our real estate developments follow sustainable and green building practices, contributing to healthier, more resilient urban environments.



## Responsible Consumption and Production

The Arif Habib Group is dedicated to promoting sustainable practices across its operations, with a strong focus on responsible consumption and production.

We are continuously working to reduce our environmental footprint by implementing resource-efficient systems and minimizing waste in our facilities. Our commitment to water conservation is evident in the establishment of a water recycling plant and rainwater reservoir at Naya Nazimabad, ensuring that water resources are used efficiently and sustainably.



Furthermore, we are actively integrating waste reduction initiatives across our business units, particularly at Power Cement, where we have implemented a Waste Heat Recovery System and solar power units to maximize energy efficiency. These steps not only reduce our reliance on traditional energy sources but also minimize emissions and waste production.

In addition, we are driving efforts to reduce food waste across our operations and advocating for responsible use of resources in both production and consumption. These efforts reflect our broader goal of promoting sustainable development while contributing to a circular economy that benefits both people and the planet.





# ESG

ENVIRONMENTAL, SOCIAL & GOVERNANCE



# AHG's Commitment to ESG

Facing significant global challenges like climate change, dwindling water resources, inadequate waste management, and declining biodiversity, the sustainability of our planet is at risk. These issues extend far beyond the environment, affecting economic stability, social structures, and global political landscapes.

At AHG, we envision a future where sustainable growth is at the forefront. Our long-term strategy emphasizes the importance of meeting current needs while preserving resources for future generations. As part of this vision, AHG is committed to implementing the highest standards in Environmental, Social, and Governance (ESG) practices. We are actively working to embed these principles into every facet of our Group Companies, ensuring that we generate lasting value for both our company and stakeholders.

Looking ahead, we plan to intensify our focus on ESG through various initiatives. One of our key priorities is capacity building for both management and board members. By equipping our leaders with the necessary knowledge and expertise, we aim to strengthen the decision-making process and align our operations with global sustainability goals. This will be supported by our multi-functional ESG taskforce, which continues to participate in workshops and collaborative sessions to drive tangible progress towards our goals.

In 2024 and beyond, AHG is dedicated to embedding ESG considerations deeply into its business strategy.

As we move forward, AHG remains committed to restoring and contributing positively to the communities in which we operate, with a focus on environmental protection and social welfare. We recognize that the integration of ESG is no longer optional; it is essential for the future. By embracing sustainability, accountability, and ethical practices, we are positioning ourselves at the forefront of a global movement that will shape the future of business and prosperity.

We believe that through these efforts, AHG will not only reduce its environmental footprint but will also drive positive change and contribute to safeguarding our planet for generations to come.





# Governance & Management

## Corporate Governance

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

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

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

## Whistle Blowing

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

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

## Succession Planning

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

To ensure we have a continuous pool of talented individuals across all functions, AHCL places great emphasis on recruiting and retaining competent personnel. This recruitment is guided by various factors, including an individual's potential,

## Stakeholder Engagement

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

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

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



# Criteria to Evaluate Board's Performance

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

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

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

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

The main focus of the evaluation remains on strategic growth, business opportunities, risk management, Board composition and providing oversight to the management, the global economic environment and competitive context, amongst other areas.

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

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

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



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

The audit committee has concluded its annual review of the conduct and operations of the Company during financial year ended on 30<sup>th</sup> June 2024, and reports that:

- The Company has adhered in full, without any material departure, with both mandatory and voluntary provisions of the listing regulation of Pakistan Stock Exchange, Company's statement of ethics and values and the international best practices of Governance throughout the year.
- Compliance has been confirmed from the members of the Board, the Management and employees of the Company individually. Equitable treatment of shareholders has also been ensured.
- The Company has issued a "Statement of Compliance with the Best Practices of Code of Corporate Governance" as stipulated in Listed Companies (Code of Corporate Governance) Regulations 2019, and the auditors have provided their review report there on.
- Appropriate accounting policies have been consistently applied. Applicable accounting standards were followed in preparation of financial statements of the Company and consolidated financial statements on a going concern assumption basis, for the financial year ended 30<sup>th</sup> June 2024, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company and its subsidiaries for the year under review.
- The Chief Executive Officer and the Chief Financial Officer have duly endorsed the unconsolidated financial statements and consolidated financial statements of the Company under their respective signatures before presenting the financial statements, for consideration and approval of the Board of Directors. They acknowledge their responsibility for true and fair presentation of the financial statements, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls framework and procedures necessary for the purpose.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with Companies Act, 2017.
- The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and applicable "International Accounting Standards/International Financial Reporting Standards (IFRS)" notified by SECP.
- All direct and indirect trading and holdings of the Company's shares by Directors & Executives or their spouse were notified in writing to the Company Secretary along with the price, number of shares, form of share certificate and nature of transaction which were notified by the Company Secretary to the Board with in the stipulated time. All such holdings have been disclosed in the pattern of Shareholdings.



## Internal Audit

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

- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievements of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholders wealth through effective financial operational and compliance controls and risk management at all levels within the Company.
- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

## EXTERNAL AUDITORS

- The statutory Auditors of the Company, M/s. A. F. Ferguson & Co., Chartered Accountants, have completed their audit assignments of the "Company's Separate Financial Statements", the "Consolidated Financial Statements" and the "Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations 2019 for the financial year ended 30<sup>th</sup> June 2024 and shall retire on the conclusion of the 30<sup>th</sup> Annual General Meeting.
- The Audit Committee has reviewed and discussed Audit observation and Draft Audit Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of Auditors' Report on financial statements under the listing regulations and shall thereof accordingly be discussed in the next Audit Committee Meeting.
- The Audit Firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by the ICAP. The Auditors attended the general meetings of the Company during the year and have confirmed attendance of the Annual General Meeting scheduled on 28<sup>th</sup> October 2023.
- Being eligible for re-appointment as Auditors of the Company, the Audit Committee recommends reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants, for the financial year 30<sup>th</sup> June 2024.

Karachi: 31<sup>st</sup> October 2024  
Chairman - Audit Committee







# Independent Auditor's Review Report

## To the members of Arif Habib Corporation Limited

### Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Arif Habib Corporation Limited (the Company) for the year ended June 30, 2024 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, 2024.

A.F. Ferguson & Co.  
Chartered Accountants  
Karachi

Dated: November 06, 2024  
UDIN: CR202410059pCNDzYLyw

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

For the year ended 30<sup>th</sup> June 2024

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

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

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

2. The composition of board is as follows:

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

During the year under review, Khawaja Jalaluddin Roomi has resigned and Khawaja Najamuddin Roomi was appointed as director in his place. The casual vacancy was filled within the prescribed timeframe.

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

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

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

**a) Audit Committee:**

Khawaja Najamuddin Roomi	Chairman
Mr. Kashif A. Habib	Member
Mr. Muhammad Ejaz	Member
Khawaja Jalaluddin Roomi	Former Chairman (resigned during the year)

**b) HR and Remuneration Committee:**

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

**c) Investments & Risk Management Committee:**

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

**d) Nomination Committee:**

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

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

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

- a) Audit Committee – 4 (four) meetings of the committee were held during the financial year.
- b) HR and Remuneration Committee - 2 (Two) meetings of the committee were held during the financial year.
- c) Investments & Risk Management Committee - 2 (Two) meetings of the committee were held during the financial year.
- d) Nomination Committee - 1 (One) meeting of the committee was held during the financial year.

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

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



17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

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

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

19. Explanation for non-compliance with requirements, other than 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Matter	Regulation No.	Explanation
<p><b>Significant Policies</b></p> <p>The significant policies may include but not limited to the anti-harassment policy to safeguard the rights and well-being of employees, incorporating the mechanism as prescribed under the Protection against harassment of women at the Workplace Act 2010 and the respective provincial laws on the protection against harassment of women at workplace for the time being in force</p>	10 (A) (4)	The Company's Code of Conduct covers the element of workplace harassment. Nevertheless, the requirements introduced recently by SECP through its notification dated 12 <sup>th</sup> June 2024 has been incorporated in an independent anti-harassment policy subsequently to 30 <sup>th</sup> June 2024.
<p><b>Environmental, Social and Governance (ESG) matters</b></p> <p>The board is responsible for setting the Company's sustainability strategies, priorities and targets to create long term corporate value. The board may establish a dedicated sustainability committee having atleast one female director.</p>	10 (A) (5)	At present the Board provides governance and oversight in relation to the Company's initiatives on Environmental, Social and Governance (ESG) matters. Nevertheless, the requirements introduced recently by SECP through notification dated 12 <sup>th</sup> June 2024 are being complied with in due course.

For and on behalf of the Board

  
**ARIF HABIB**  
 Chief Executive

Karachi: 31 October 2024

  
**ASADULLAH KHAWAJA**  
 Chairman





# Unconsolidated Financial Statements

for the year ended 30<sup>th</sup> June 2024

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# Independent Auditor's Report

To the members of Arif Habib Corporation Limited

## Report on the Audit of the Unconsolidated Financial Statements

### Opinion

We have audited the annexed unconsolidated financial statements of Arif Habib Corporation Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2024, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of material 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, 2024 and of the and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

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



Following is the Key audit matter:

S No.	Key audit matter	How the matter was addressed in our audit
(i)	<p><b>Investments</b></p> <p><i>(Refer note 7 and note 13 to the unconsolidated financial statements)</i></p> <p>As at 30 June 2024, the Company has investments classified as “Subsidiaries - at cost”, “Associates designated as fair value through profit or loss”, “Debt instrument – at amortised cost”, “Debt instruments at fair value through profit or loss”, “Other equity securities designated as fair value through other comprehensive income” and “Equity securities at fair value through profit or loss” amounting to Rs. 33.16 billion which in aggregate represent 86.56% of the total assets of the Company. Investments are carried at cost or fair value in accordance with the Company’s accounting policy relating to their recognition and subsequent measurement.</p> <p>The valuation of investment is significant to the unconsolidated financial statements and involves management’s judgment and use of key assumptions and estimates and therefore we have considered this to be a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>- Tested, on a sample basis, specific purchases and sale transactions recorded during the year by reference to its source;</li> <li>- In case of quoted securities, tested the valuation of such securities by agreeing the prices to the externally quoted market prices;</li> <li>- In case of unquoted securities, obtained the understanding of the basis of estimates and assumptions. Further, evaluated their appropriateness and tested the valuation of such securities;</li> <li>- Assessed the appropriateness of impairment policy in accordance with the requirements of accounting and reporting standards; and</li> <li>- Assessed the relevant disclosures made in the unconsolidated financial statements to determine whether these complied with the accounting and reporting standards as applicable in Pakistan.</li> </ul>

**Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor’s Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated and consolidated financial statements and our auditor’s reports thereon.

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

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

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

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



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

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

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

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

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

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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





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

### Report on Other Legal and Regulatory Requirements

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

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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



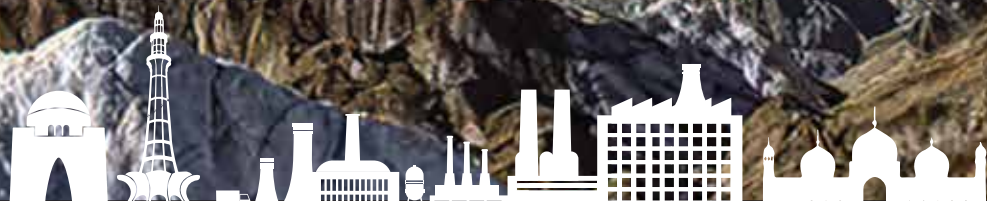
A.F. Ferguson & Co.  
Chartered Accountants  
Karachi

Date: November 05, 2024  
UDIN: AR202410059Y5SC1IMm7





# KRG

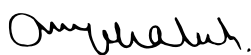


# STATEMENT OF UNCONSOLIDATED FINANCIAL POSITION

As at 30<sup>th</sup> June 2024

ASSETS	Note	2024	2023
		(Rupees)	
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	49,532,593	25,912,136
Intangible assets	5	141,875	296,615
Investment property	6	169,000,000	-
Long term investments	7	26,363,022,014	17,881,945,203
Long term loan to related party	8	49,670,165	78,103,657
Long term advances, deposits and other receivable	9	5,880,378	5,880,378
		<b>26,637,247,025</b>	<b>17,992,137,989</b>
<b>CURRENT ASSETS</b>			
Loans and advances	10	4,088,591,568	1,781,863,523
Mark-up receivable	11	77,280,288	186,088,244
Prepayments and other receivable	12	660,748,917	10,497,248
Short term investments	13	6,794,188,359	3,803,122,330
Cash and bank balances	14	45,975,441	40,348,417
		<b>11,666,784,573</b>	<b>5,821,919,762</b>
<b>TOTAL ASSETS</b>		<b>38,304,031,598</b>	<b>23,814,057,751</b>

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF UNCONSOLIDATED FINANCIAL POSITION

As at 30<sup>th</sup> June 2024

EQUITY AND LIABILITIES	Note	2024 (Rupees)	2023
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid up share capital	15	4,083,750,000	4,083,750,000
Shares to be issued under scheme of arrangement	16	133,217,470	-
		<b>4,216,967,470</b>	4,083,750,000
<b>Revenue reserves</b>			
General reserve		4,000,000,000	4,000,000,000
Unappropriated profit		25,852,471,316	12,385,423,995
<b>TOTAL EQUITY</b>		<b>34,069,438,786</b>	20,469,173,995
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation - net	17	1,317,575,057	531,156,028
Lease liability against right of use assets	18	17,904,171	-
		<b>1,335,479,228</b>	531,156,028
<b>CURRENT LIABILITIES</b>			
Running finance under markup arrangement	19	501,329,430	2,314,280,474
Loan from sponsor	20	800,000,000	-
Other payables	21	970,937,063	204,693,870
Current portion of lease liability	18	12,823,623	-
Taxation - net	22	591,841,742	272,552,007
Unclaimed dividend		22,181,726	22,201,377
		<b>2,899,113,584</b>	2,813,727,728
<b>TOTAL LIABILITIES</b>		<b>4,234,592,812</b>	3,344,883,756
Contingencies and commitments	23		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>38,304,031,598</b>	23,814,057,751

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer



# STATEMENT OF UNCONSOLIDATED PROFIT OR LOSS

For the year ended 30<sup>th</sup> June 2024

	Note	2024 (Rupees)	2023 (Restated)
Dividend income		3,671,992,623	2,790,683,580
Other revenue	24	123,843,455	111,676,899
<b>Gross revenue</b>		<b>3,795,836,078</b>	<b>2,902,360,479</b>
Gain on sale of securities - net		387,985,101	425,694
Administrative expenses	25	(170,024,421)	(166,142,139)
Net finance cost	26	(302,834,800)	(138,075,287)
		<b>3,710,961,958</b>	<b>2,598,568,747</b>
Gain / (loss) on remeasurement of investments - net	27	7,158,555,719	(2,563,875,801)
Gain on remeasurement of investment property - net		13,500,000	-
		<b>10,883,017,677</b>	<b>34,692,946</b>
Other income	28	-	3,291,891
Other charges	29	(3,622,500)	(74,956)
<b>Profit before levies and income tax</b>		<b>10,879,395,177</b>	<b>37,909,881</b>
Levies - Final tax	30	(19,269,309)	(5,850,942)
<b>Profit before income tax</b>		<b>10,860,125,868</b>	<b>32,058,939</b>
Income tax expense	31	(1,429,528,363)	(1,004,419,483)
<b>Profit / (loss) for the year</b>		<b>9,430,597,505</b>	<b>(972,360,544)</b>
<b>Earnings / (loss) per share - basic and diluted</b>	32	<b>22.36</b>	<b>(2.38)</b>

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF UNCONSOLIDATED COMPREHENSIVE INCOME

For the year ended 30<sup>th</sup> June 2024

	2024 (Rupees)	2023
<b>Profit / (loss) for the year</b>	<b>9,430,597,505</b>	<b>(972,360,544)</b>
<b>Other comprehensive loss</b>		
<b><i>Items that will not be reclassified to statement of profit or loss</i></b>		
Investment in associate at fair value through other comprehensive income - net change in fair value	-	(758,684,657)
Other comprehensive loss for the year - net of tax	-	(758,684,657)
<b>Total comprehensive income / (loss) for the year</b>	<b>9,430,597,505</b>	<b>(1,731,045,201)</b>

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF UNCONSOLIDATED CHANGES IN EQUITY

For the year ended 30<sup>th</sup> June 2024

Issued, subscribed and paid up share capital	Shares to be issued under scheme of arrangement	Reserves			Sub total	Total	
		Capital Reserve	Revenue Reserves				
		Fair value reserve *	General reserve	Unappropriated profit			
----- (Rupees) -----							
Balance as at July 1, 2022	4,083,750,000	-	(43,327,588)	4,000,000,000	15,793,296,784	19,749,969,196	23,833,719,196
<b>Total comprehensive income for the year ended June 30, 2023</b>							
Loss for the year	-	-	-	-	(972,360,544)	(972,360,544)	(972,360,544)
Other comprehensive loss for the year	-	-	(758,684,657)	-	-	(758,684,657)	(758,684,657)
	-	-	(758,684,657)	-	(972,360,544)	(1,731,045,201)	(1,731,045,201)
Loss realized on disposal of investment in equity instruments at FVOCI	-	-	802,012,245	-	(802,012,245)	-	-
<b>Transactions with owners of the Company recorded directly in equity - distributions</b>							
Final cash dividend at the rate of Rs. 4 per share for the year ended June 30, 2022	-	-	-	-	(1,633,500,000)	(1,633,500,000)	(1,633,500,000)
<b>Balance as at June 30, 2023</b>	<b>4,083,750,000</b>	<b>-</b>	<b>-</b>	<b>4,000,000,000</b>	<b>12,385,423,995</b>	<b>16,385,423,995</b>	<b>20,469,173,995</b>
<b>Transactions with owners of the Company recorded directly in equity</b>							
Effect of scheme of arrangement / merger - note 1.2	-	133,217,470	-	-	4,036,449,816	4,169,667,286	4,169,667,286
<b>Total comprehensive income for the year ended June 30, 2024</b>							
Profit for the year	-	-	-	-	9,430,597,505	9,430,597,505	9,430,597,505
Other comprehensive income for the year	-	-	-	-	-	-	-
	-	-	-	-	9,430,597,505	9,430,597,505	9,430,597,505
<b>Balance as at June 30, 2024</b>	<b>4,083,750,000</b>	<b>133,217,470</b>	<b>-</b>	<b>4,000,000,000</b>	<b>25,852,471,316</b>	<b>29,985,688,786</b>	<b>34,069,438,786</b>

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

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF UNCONSOLIDATED CASH FLOWS

For the year ended 30<sup>th</sup> June 2024

	Note	2024 (Rupees)	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash used in operations	34	(1,957,864,142)	(136,811,705)
Income tax and levies paid		(415,202,377)	(369,524,075)
Interest received		454,541,498	253,023,479
Finance cost paid		(731,331,981)	(375,316,845)
<b>Net cash used in operating activities</b>		<b>(2,649,857,002)</b>	<b>(628,629,146)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase for acquisition of property and equipment		(1,975,874)	(4,613,526)
Dividend received		3,671,992,623	2,790,683,580
Proceeds from disposal of property and equipment		-	166,188
Acquisition of long term investments		(311,133,839)	(1,493,745,982)
Proceeds from disposal of long term investments		-	649,275,085
Long term deposits and other receivable		325,000,000	(792,800)
<b>Net cash generated from investing activities</b>		<b>3,683,882,910</b>	<b>1,940,972,545</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		-	(1,633,500,000)
Loan received from sponsor		800,000,000	-
Payment of lease liability		(15,125,340)	(6,308,220)
<b>Net cash generated from / (used in) financing activities</b>		<b>784,874,660</b>	<b>(1,639,808,220)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,818,900,568</b>	<b>(327,464,821)</b>
Cash and cash equivalents at beginning of the year		(2,273,932,057)	(1,949,759,127)
Effect of exchange rate fluctuations on cash held		(322,500)	3,291,891
<b>Cash and cash equivalents at end of the year</b>	35	<b>(455,353,989)</b>	<b>(2,273,932,057)</b>

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 1. STATUS AND NATURE OF BUSINESS

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

These unconsolidated financial statements are separate financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment losses, if any. Investments in associates are carried at fair value through profit or loss and fair value through other comprehensive income based on their classification. The consolidated financial statements of the Company and its subsidiaries have been prepared separately.

## 1.2 Effect of scheme of arrangement / merger

- 1.2.1** The shareholders of the Company and its subsidiary, Arif Habib Limited (AHL), approved a Scheme of Arrangement (the "Scheme") during their respective Extraordinary General Meetings (EGMs) held on December 26, 2023. The Scheme, dated November 17, 2023, complies with Sections 279 to 283 and 285 of the Companies Act, 2017 and was sanctioned by the Honourable High Court of Sindh on October 21, 2024.

The primary objective of the Scheme is to separate AHL into two distinct segments: the Demerged Undertaking and the Retained Undertaking (as defined in the Scheme). It also provides for the merger of the Demerged Undertaking into the Company, effective from July 1, 2023.

- 1.2.2** The business / undertaking of AHL shall be bifurcated / separated into two segments / undertakings i.e. the Demerged Undertaking and the Retained Undertaking. Simultaneously, the Demerged Undertaking shall be merged / amalgamated with and into the Company, by transferring to and vesting in the Company the assets, business, rights, properties, investments, liabilities, benefits, powers, contracts, authorizations, obligations etc. comprising the Demerged Undertaking, with effect from the start of business on July 1, 2023 (the "Effective Date").

- 1.2.3** These unconsolidated financial statements have been prepared taking the effect of merger and amalgamation of Assets, Liabilities, and all obligations of AHL into the Company as per the Scheme of arrangement sanctioned by Honourable High Court of Sindh.

- 1.2.4** As consideration for the Demerged Undertaking, the Company will issue 13,321,747 shares at Rs. 10 each amounting to Rs. 133.22 million to the shareholders of AHL (other than the Company itself) subsequent to the year ended June 30, 2024, based on a swap ratio of 0.8673 shares of the Company for every 1 (one) ordinary share of AHL held by each AHL Shareholder (i.e. 86.73 ordinary shares of the Company will be allotted and issued for every 100 ordinary shares of AHL held by each AHL Shareholder). The swap ratio was determined based on values and calculations set forth in the Swap Computation Letter dated November 15, 2023, issued by Yousuf Adil, Chartered Accountants, and was approved by the Board of Directors of both companies.

The Retained Undertaking remains with AHL. There was no cancellation of AHL shares as a result of the Scheme.

Since AHL is a subsidiary of the Company, the amalgamation has been treated as a common control transaction, with predecessor accounting applied. Under this method, the balances relating to the Demerged Undertaking of AHL as of July 1, 2023 have been amalgamated on a line-by-line basis in the Company's financial statements.

As a part of the Scheme, reserves representing unappropriated profits of AHL amounting to Rs. 4,169.67 million were bifurcated into Rs. 133.22 million in share to be issued under scheme of arrangement for issuance of 13.32 million shares at Rs. 10 each and the remaining reserves of Rs. 4,036.45 million were transferred to the Company's revenue reserve of a corresponding nature, in accordance with the Scheme.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

The details of AHL's Demerged Undertaking balances, based on AHL's audited financial statements as of June 30, 2023, which have been merged into the Company, are as follows:

	<b>(Rupees)</b>
<b>NON CURRENT ASSETS</b>	
Long term investment	1,054,065,880
Investment property	404,249,014
Long-term advances and deposits	458,298,960
	<b>1,916,613,854</b>
<b>CURRENT ASSETS</b>	
Short term investments	2,727,024,239
Receivable against trading of securities – net	9,668,343
Other receivables	1,158,146,785
	<b>3,894,839,367</b>
<b>TOTAL ASSETS</b>	<b>5,811,453,221</b>
<b>EQUITY AND LIABILITIES</b>	
<b>Share capital and reserves</b>	
<i>Revenue reserves</i>	
Unappropriated profits	4,169,667,286
<b>TOTAL EQUITY</b>	<b>4,169,667,286</b>
<b>NON CURRENT LIABILITIES</b>	
Deferred tax – net	72,113,469
<b>CURRENT LIABILITIES</b>	
Running finance under markup arrangement – secured	1,509,805,290
Trade and other payables	9,000,000
Accrued markup on Running finance under markup arrangement	50,867,176
	<b>1,569,672,466</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,811,453,221</b>

**1.3** The Company has following long term investments in subsidiaries and associates and its underlying shareholding in respective subsidiaries and associate:

<b>Name of Companies</b>	<b>Shareholding</b>
<i>Subsidiaries</i>	
- Arif Habib Limited, a brokerage house	72.92%
- Sachal Energy Development (Private) Limited, a wind power generation company	85.83%
- Black Gold Power Limited, a coal power generation company	100.00%
<i>Associates</i>	
- Fatima Fertilizer Company Limited, a fertilizer company	15.19%
- Safe Mix Concrete Limited, a cement company	32.40%

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

During the year the Institute of Chartered Accountant of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum and final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) - 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the statement of financial position, the statement of changes in equity, the statement of cash flows and earning per share as a result of this change.

	For the year ended June 30, 2024			For the year ended June 30, 2023		
	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of changes in accounting policy	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of changes in accounting policy
	(Rupees)					
Levies	-	(19,269,309)	(19,269,309)	-	(5,850,942)	(5,850,942)
Profit before income tax	10,879,395,177	(19,269,309)	10,860,125,868	37,909,881	(5,850,942)	32,058,939
Income tax expense	(1,448,797,672)	19,269,309	(1,429,528,363)	(1,010,270,425)	5,850,942	(1,004,419,483)

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

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

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 2.4 Use of estimates and judgments

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

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

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

- Provision for taxation (note 3.3 and 31)
- Fair value and classification of investments (note 3.8 and 7)
- Impairment of non-financial assets (note 3.8)
- Provisions (note 3.14)

## 2.5 Changes in accounting standards, interpretations and pronouncements

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2023. However, these do not have any significant impact on the Company's financial reporting.

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

There is a standard and certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2024. However, these will not have any impact on the Company's financial reporting and therefore, have not been disclosed in these unconsolidated financial statements.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

#### 3.1.1 Right of use assets

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



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 3.1.2 Lease liabilities

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

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

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

## 3.2 Staff retirement benefits

Defined contribution plan

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

## 3.3 Taxation

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

### **Current**

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

### **Levies**

The tax charged under Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income, which is not adjustable against the future tax liability, is classified as levy in the statement of profit or loss and other comprehensive income as these levies fall under the scope of IFRIC 21 / IAS 37.

### **Deferred**

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

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

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 3.4 Property and equipment

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

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

## 3.5 Intangible assets

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

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

## 3.6 Investments in subsidiaries and associates

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

The Company considers its associates to be such entities in which the Company has significant influence as defined in IAS 28 'Investments in Associates and Joint Ventures', but not control or has joint control, over the financial and operating policies.

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

Associates classified as at fair value through profit or loss are measured at fair value, and changes therein are recognised in the statement of profit or loss except associates classified at fair value through other comprehensive income, the changes of which are recognised in statement of comprehensive income. Subsequently, changes in fair value are recognized in 'Other Comprehensive Income' and are never recycled to profit and loss, even if the asset is sold or impaired.

Investment in the shares of associated companies carried at fair values listed on the stock exchange are valued to the reporting end trade rates, whereas investments in the shares of unlisted associated companies carried at fair values are valued at the values ascertained under the discounted cashflow model or on the basis of some other relevant valuation methodology according to the sector / business fundamentals.

### Fair value measurement

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

## 3.7 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.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

The fair value of investment property is determined at the end of each year using current market prices for comparable real estate, adjusted for any differences in nature, location and condition. The key assumptions used to determine the fair value of investment properties are provided in note 38.

## 3.8 Financial instruments

### 3.8.1 Financial assets

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

#### 3.8.1.1 Classification

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

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

##### a) At amortised cost

The Company measures financial assets at amortised cost if the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.8.1.2. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

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

The Company measures financial assets at FVOCI if the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment losses or reversals, recognised and measured as described in note 3.8.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit or loss.

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

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

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## d) Fair value through profit or loss (FVTPL)

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

### 3.8.1.2 Impairment

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

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

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

### 3.8.1.3 Initial recognition

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

### 3.8.1.4 Derecognition

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

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

### 3.8.1.5 Business model

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

### 3.8.1.6 Solely payment of principal and interest

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



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 3.8.1.7 Reclassifications

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

## 3.8.1.8 Write-offs

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

## 3.8.1.9 Subsequent measurement

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

### a) Financial assets held at fair value through profit or loss and other comprehensive income

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

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

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

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

### b) Financial assets measured at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

## 3.8.1.10 Significant increase in credit risk

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

The following indicators are considered while assessing credit risk:

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

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## Definition of default

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

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

## 3.8.2 Financial liabilities

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

Financial liabilities are subsequently measured at amortised cost except for:

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

### 3.8.2.1 Derecognition

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

## 3.8.3 Offsetting of financial assets and financial liabilities

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

## 3.9 Impairment of non-financial assets

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

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

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

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in statement of profit or loss.

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

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 3.10 Off balance sheet obligations

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

## 3.11 Running finance under markup arrangement

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

## 3.12 Earnings per share

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

## 3.13 Revenue recognition

- Gain / loss on sale of investments are recognised in the statement of profit or loss on the date of transaction. All purchases and sales of securities that require delivery within the timeframe established by regulation or market conventions such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the financial assets.
- Dividend income is recognised when the Company's right to receive such dividend is established.
- Put option fee is recognised on time proportion basis over the period of its tenor.
- Interest income on bank deposits and loans are recognised on time proportion basis that takes into account the effective yield.
- Unrealised gains / (losses) arising on remeasurement of investments classified as at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise.
- Guarantee commission is recognised in income over the period of the guarantee.

## 3.14 Provisions

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

## 3.15 Foreign currency

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

## 3.16 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and running finance. Running finance are shown within Running finance under markup arrangement in current liabilities in the balance sheet.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 3.17 Segment reporting

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

4. PROPERTY AND EQUIPMENT	Note	2024 (Rupees)	2023
Operating assets	4.1	22,620,448	25,912,136
Right-of-use assets	4.2	26,912,145	-
		<u>49,532,593</u>	<u>25,912,136</u>

## 4.1 Operating assets

	Leasehold improvements	Furniture and office equipment	Computer and allied equipment	Vehicles	Total
	Rupees				
<b>Net carrying value basis</b>					
<b>For the year ended June 30, 2024</b>					
Opening net book value	10,568,735	668,078	2,787,850	11,887,473	25,912,136
Additions	1,170,205	-	805,669	-	1,975,874
Depreciation charge - note 4.4	(1,716,959)	(109,055)	(1,064,054)	(2,377,494)	(5,267,562)
<b>Closing net book value</b>	<b>10,021,981</b>	<b>559,023</b>	<b>2,529,465</b>	<b>9,509,979</b>	<b>22,620,448</b>
<b>Gross carrying value basis</b>					
<b>For the year ended June 30, 2024</b>					
Cost	72,157,317	1,609,377	9,713,678	45,901,841	129,382,213
Accumulated depreciation	(62,135,336)	(1,050,354)	(7,184,213)	(36,391,862)	(106,761,765)
<b>Net book value</b>	<b>10,021,981</b>	<b>559,023</b>	<b>2,529,465</b>	<b>9,509,979</b>	<b>22,620,448</b>
<b>Net carrying value basis</b>					
<b>For the year ended June 30, 2023</b>					
Opening net book value	8,768,789	749,944	2,706,832	14,880,583	27,106,148
Additions	3,236,640	90,233	1,286,653	-	4,613,526
Disposals					
Cost	-	(96,165)	(209,974)	(63,500)	(369,639)
Accumulated depreciation	-	55,160	86,787	45,799	187,746
	-	(41,005)	(123,187)	(17,701)	(181,893)
Depreciation charge - note 4.4	(1,436,694)	(131,094)	(1,082,448)	(2,975,409)	(5,625,645)
<b>Closing net book value</b>	<b>10,568,735</b>	<b>668,078</b>	<b>2,787,850</b>	<b>11,887,473</b>	<b>25,912,136</b>
<b>Gross carrying value basis</b>					
<b>For the year ended June 30, 2023</b>					
Cost	70,987,112	1,609,377	8,908,009	45,901,841	127,406,339
Accumulated depreciation	(60,418,377)	(941,299)	(6,120,159)	(34,014,368)	(101,494,203)
<b>Net book value</b>	<b>10,568,735</b>	<b>668,078</b>	<b>2,787,850</b>	<b>11,887,473</b>	<b>25,912,136</b>
<b>Depreciation rates</b>					
<b>(% per annum)</b>					
	<b>15</b>	<b>15</b>	<b>33</b>	<b>20</b>	



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

4.2	Right-of-use asset	Note	2024 (Rupees)	2023
	<b>Cost</b>			
	Balance as at July 01		-	48,883,456
	Additions for the year		35,278,875	-
	Effect of lease modification		4,241,120	-
	Balance as at June 30		39,519,995	48,883,456
	<b>Accumulated depreciation</b>			
	Balance as at July 01		-	(38,559,167)
	Charge for the year	4.4	(12,607,850)	(10,324,289)
	Balance as at June 30		(12,607,850)	(48,883,456)
	<b>Written down value as at June 30</b>		<b>26,912,145</b>	<b>-</b>

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

4.4 Depreciation has been allocated to administrative expenses (note 25) amounting to Rs. 17.88 million (2023: Rs.15.95 million).

5.	INTANGIBLE ASSETS	Note	2024 (Rupees)	2023
	Computer softwares acquired			
	Net carrying value basis			
	Net book value as at July 01		296,615	451,355
	Amortisation charge	5.2	(154,740)	(154,740)
	Net book value as at June 30		141,875	296,615
	Gross carrying value basis			
	Cost		618,990	618,990
	Accumulated amortisation		(477,115)	(322,375)
	Net book value		141,875	296,615
	Annual amortisation rate		25%	25%

5.1 Intangible assets comprise of windows license and computer software.

5.2 Amortisation has been allocated to administrative expenses (note 25) amounting to Rs. 0.15 million (2023: Rs. 0.15 million).

6.	INVESTMENT PROPERTY	Note	2024 (Rupees)	2023
	Open plots of land - fair value	6.1	169,000,000	-

6.1 This represents 8 residential plots aggregating to 1,350 square yards in block A and C situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi (a real estate project being managed by M/S. Javedan Corporation Limited, a related party). The property is held for capital appreciation.

6.2	Investment property - at fair value	Note	2024 (Rupees)	2023
	Carrying amount as at 01 July		-	-
	Additions - scheme of arrangement	1.2.4	155,500,000	-
	Net gain from fair value adjustment	6.4	13,500,000	-
	Carrying amount as at 30 June		169,000,000	-

6.3 Forced sale value of the investment property is assessed at Rs. 135.2 million (2023: Nil)

6.4 This pertains to unrealized gain on investment property which is not considered for the declaration or payment of dividend in accordance with Section 240 of the Companies Act 2017.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

7.	LONG TERM INVESTMENTS	Note	2024	2023
			(Rupees)	
	Subsidiaries - at cost (net of impairment)	7.1	4,937,599,953	4,937,599,953
	Associates - designated at fair value through profit or loss	7.2	16,623,107,664	9,509,396,141
	Debt instrument - at amortised cost	7.3	798,161,476	686,714,948
	Debt instruments - at fair value through profit or loss	7.4	4,004,152,921	2,748,234,161
	Other equity securities - designated at fair value through other comprehensive income	7.5	-	-
			<b>26,363,022,014</b>	<b>17,881,945,203</b>
<b>7.1</b>	<b>Subsidiaries - at cost (net of impairment)</b>			
	<b>Quoted entity</b>			
	Arif Habib Limited (AHL)			
	47,648,522 (2023: 47,648,522)			
	fully paid ordinary shares of Rs. 10 each	7.1.1 & 7.1.2	2,191,134,893	2,191,134,893
	<b>Unquoted entities</b>			
	Sachal Energy Development (Private) Limited (SEDPL)			
	274,646,506 (2023: 274,646,506)			
	fully paid ordinary shares of Rs. 10 each	7.1.3	2,746,465,060	2,746,465,060
	Black Gold Power Limited (BGPL)			
	5,000,000 (2023: 5,000,000)			
	fully paid ordinary shares of Rs. 10 each	7.1.4	50,000,000	50,000,000
	Impairment recognised	7.1.4	(50,000,000)	(50,000,000)
			-	-
			<b>4,937,599,953</b>	<b>4,937,599,953</b>

**7.1.1** Investment in AHL represents 72.92% (2023: 72.92%) of AHL's paid up share capital as at June 30, 2024. These includes 46,305,000 shares (2023: 46,305,000 shares) having market value of Rs. 2,732.45 million (2023: Rs. 1,235.41 million), which has been pledged with commercial banks as a security against the Company's borrowings. AHL was incorporated in Pakistan. AHL is a holder of Trading Right Entitlement Certificate (TREC) of PSX. As disclosed in note 1.2, post demerger AHL has retained it's core business of share brokerage, inter-bank brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services.

**7.1.2** The investment in the subsidiary was assessed by management based on the available information. It was concluded that the recoverable amount does not differ materially from the carrying amount as of June 30, 2024.

**7.1.3** Investment in SEDPL represents 85.83% (2023: 85.83%) of SEDPL's paid up share capital as at June 30, 2024. The entire shareholding in SEDPL has been pledged in favor of Industrial and Commercial Bank of China (ICBC) to secure project financing of SEDPL. SEDPL was incorporated in Pakistan. SEDPL is engaged in the business of electricity generation and its sale.

**7.1.4** Investment in BGPL represents 100% (2023: 100%) of BGPL's paid up share capital as at June 30, 2024. BGPL was incorporated in Pakistan. BGPL has been allocated with supply of coal for its 660 MW Thar Coal based power project to be constructed, commissioned and operated at Thar Block II. The Company has not started its operations as at June 30, 2024.

**7.1.5** This represents provision held against the Company's investment in Black Gold Power limited, a wholly owned subsidiary Company. There is no movement in provision for impairment during the year.

## 7.2 Associates - designated at fair value through profit or loss

	Note	Cost	Appreciation on remeasurement of investments	Carrying amount (at fair value)	
				2024	2023
(Rupees)					
<b>Quoted entity</b>					
Fatima Fertilizer Company Limited (FFCL)					
319,000,206 (2023: 319,000,206)					
fully paid ordinary shares of Rs. 10 each	7.2.1	3,512,782,225	12,954,008,409	16,466,790,634	9,509,396,141
Safe Mix Concrete Limited (SMCL)					
5,2019,328 (2023: Nil)					
fully paid ordinary shares of Rs. 10 each	7.2.2	103,563,499	52,753,531	156,317,030	-
		<b>3,616,345,724</b>	<b>13,006,761,940</b>	<b>16,623,107,664</b>	<b>9,509,396,141</b>

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

- 7.2.1** Investment in FFCL represents 15.19% (2023: 15.19%) of FFCL's paid up share capital as at June 30, 2024. These include 171,650,000 shares (2023: 169,650,000 shares) having market value of Rs. 8,860.57 million (2023: Rs. 5,057.27 million), which have been pledged with the commercial banks as a security against the Company's borrowings. Market value per share as at June 30, 2024 is Rs. 51.62 (2023: Rs. 29.81). FFCL was incorporated in Pakistan. The principal activity of FFCL is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. The Company has its representation on the Board of FFCL and accordingly treated as an 'Associate'.
- 7.2.2** Investment in SMCL represents 32.40% (2023: Nil) of SMCL's paid up share capital as at June 30, 2024. Market value per share as at June 30, 2024 is Rs. 19.30 (2023: Rs. 17.31). SMCL was incorporated in Pakistan. The principal activity of the SMCL is production and supply of ready mix concrete. The Company has significant influence over SMCL's strategic decisions and policies and accordingly treated as an 'Associate'.

**7.3 Debt instrument - at amortised cost**

	Fair value at initial recognition	Cumulative unwinding of interest income	Carrying amount	
			2024	2023

(Rupees)

**Unquoted entity**

Fatima Fertilizer Company Limited (FFCL)  
-redeemable class A shares

	591,315,343	206,846,133	798,161,476	686,714,948
	591,315,343	206,846,133	798,161,476	686,714,948

**7.4 Debt instruments - at fair value through profit or loss**

	Note	Cost	Appreciation on remeasurement of investments	Carrying amount (at fair value)	
				2024	2023

(Rupees)

**Quoted entity**

Globe Residency REIT (GRR)  
89,332,023 (2023: 77,255,802)  
Units of Rs. 10 each

7.4.1 902,112,509 303,869,801 1,205,982,310 1,060,722,161

**Unquoted entities**

Silk Islamic  
Development REIT (SIDR)  
60,000,000 (2023: 60,000,000)  
Units of Rs. 10 each

7.4.2 600,000,000 259,200,000 859,200,000 941,400,000

Naya Nazimabad  
Apartment REIT (NNR)  
76,375,000 (2023: 48,575,000)  
Units of Rs. 10 each

7.4.3 763,750,000 162,797,262 926,547,262 746,112,000

Rahat Residency REIT (RRR)  
50,000,000 (2023: Nil)  
units of Rs. 10 each

7.4.4 500,000,000 87,877,567 587,877,567 -

Signature Residency REIT (SRR)  
13,329,896 (2023: Nil)  
units of Rs. 10 each

7.4.5 133,298,960 1,122,726 134,421,686 -

Investment in JCL Musharika Arrangement

7.4.6 273,400,000 16,724,096 290,124,096 -

3,172,561,469 831,591,452 4,004,152,921 2,748,234,161

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

- 7.4.1** This represents 89.33 million units held in a listed, closed-end, limited life, developmental REIT scheme which constitutes 63.80% of the total 140 million units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Limited - a related party and Central Depository Company of Pakistan Limited is its trustee. The market value per share as at June 30, 2024 is Rs. 13.50 (2023: Rs. 13.73).
- 7.4.2** This represents 60 million units held in a privately placed, closed-end, limited life, shariah compliant, developmental REIT scheme which constitutes 20% of the total 300 million units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Limited - a related party and Central Depository Company of Pakistan Limited is its trustee. For details regarding assumptions used in valuation of SIDR refer to note 38.2.1. The company being strategic investor of SIDR has 25% of its subscribed units in an account marked as 'blocked' with the Central Depository Company as required by the Real Estate Investment Trust Regulations, 2022.
- 7.4.3** This represents 76.37 million units held in a privately placed, closed-end, limited life, shariah compliant, developmental REIT scheme which constitutes 26% of the total 293.75 million units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Limited - a related party and Central Depository Company of Pakistan Limited as its trustee. For details regarding assumptions used in valuation of NNR refer to note 38.2.1.
- 7.4.4** This represents 50 million units held in a privately placed, closed-end, limited life, shariah compliant, developmental REIT scheme which constitutes 100% of the total 50 million units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Limited - a related party and Central Depository Company of Pakistan Limited as its trustee. For details regarding assumptions used in valuation of RRR refer to note 38.2.1
- 7.4.5** This represents 13.3 million units held in a privately placed, closed-end, limited life, shariah compliant, developmental REIT scheme which constitutes 40.39% of the total 33 million units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Limited - a related party and Central Depository Company of Pakistan Limited as its trustee. For details regarding assumptions used in valuation of SRR refer to note 38.2.1.
- 7.4.6** On October 04, 2023, the Company entered into a Musharaka Agreement with Javedan Corporation Limited ("JCL"), a related party and other Musharaka participants, whereby the Company invested Rs. 273.4 million in the Globe Residency REIT project. The Musharaka arrangement is structured as a participation in a joint investment, where the Company holds a 65.10% share of the Musharaka capital. The purpose of this investment is to fund the booking, ownership, management, and eventual sale of apartments in the Globe Residency REIT. The fair value of the investment is Rs. 290.12 million. The fair value is categorized as a Level 3 fair value measurement, as it involves significant unobservable inputs, including estimates of the future sale prices of the apartments in the REIT.
- 7.5 Other equity securities - designated at fair value through other comprehensive income**

	Note	Cost	Appreciation / Diminution on remeasurement of investments	Carrying Amount	
				2024	2023
<b>Unquoted entities</b>					
(Rupees)					
Sun Biz (Private) Limited (SBL) 10,000 (2023: 10,000) fully paid ordinary shares of Rs. 100 each	7.5.1	1,000,000	(1,000,000)	-	-
Al-Khabeer Financial Services 5000 (2023: 5000) fully paid ordinary shares of Rs. 100 each	7.5.1	5,000,000	(5,000,000)	-	-
		<b>6,000,000</b>	<b>6,000,000</b>	<b>-</b>	<b>-</b>



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

**7.5.1** These investments were reassessed by the management on initial application of IFRS-9 and based on the available information it was concluded that the fair value does not differ materially from carrying amount as at June 30, 2024.

**7.6** Fair value of long term investments pledged with banking companies against various facilities of the Company amounts to Rs. 11,593 million (2023: Rs. 4,361 million).

<b>8. LONG TERM LOAN TO A RELATED PARTY</b>	<b>Note</b>	<b>2024</b>	<b>2023</b>
		<b>(Rupees)</b>	
At amortised cost			
Secured - Considered good			
Aisha Steel Mills Limited, a related company		78,103,657	106,537,149
Less: Current portion of long term loan	10	<b>(28,433,492)</b>	<b>(28,433,492)</b>
		<b>49,670,165</b>	<b>78,103,657</b>

**8.1** This represents long term loan secured against first charge on all present and future fixed assets, accounts receivables and interest in any insurance claim and equitable mortgage of land and building. The mark-up rate in the said loan is 6-month KIBOR plus 3.25% per annum (2023: 6-months KIBOR plus 3.25% per annum). The rate of mark-up on the loan during the year ranged between 24.74% to 26.22% (2023: 18.60% to 20.29%) per annum. Mark-up is payable on a semi-annual basis.

**8.2** The maximum amount outstanding from the above related party at end of any month during the year was Rs. 92.32 million (2023: Rs.120.75 million).

<b>9. LONG TERM ADVANCES, DEPOSITS AND OTHER RECEIVABLE</b>	<b>Note</b>	<b>2024</b>	<b>2023</b>
		<b>(Rupees)</b>	
Security deposits - unsecured			
- with Central Depository Company of Pakistan Limited		204,090	204,090
- with telecommunication companies		50,500	50,500
- for fuel cards		95,000	95,000
		<b>349,590</b>	<b>349,590</b>
Other receivable - secured			
Receivable from employees against leased vehicles	9.1	5,530,788	5,530,788
		<b>5,880,378</b>	<b>5,880,378</b>

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

<b>10. LOANS AND ADVANCES</b>	<b>Note</b>	<b>2024</b>	<b>2023</b>
		<b>(Rupees)</b>	
At Amortised cost			
<i>Unsecured</i>			
Loans to related parties			
- Black Gold Power Limited	10.1 & 10.7	5,700,000	5,700,000
- Javedan Corporation Limited	10.2 & 10.7	200,000,000	614,250,000
- Fatima Fertilizer Company Limited		-	813,153,536
- Globe Residency REIT		38,170,720	-
Advance for investment in			
- Park View Apartment REIT	10.3	1,262,136,440	-
- Gymkhana Apartment REIT	10.4	1,200,000,000	-
- Silk Islamic Development REIT (SIDR)	10.5 & 10.7	100,000,000	-
- Pakistan Corporate CBD REIT	10.6 & 10.7	279,026,250	279,026,250
Advance for purchase of investment properties	10.8	971,310,189	40,598,980
<i>Secured</i>			
- Current portion of long term loan to Aisha Steel Mills Limited (ASML)	8	28,433,492	28,433,492
- Advance against salaries to employees	10.9	3,814,477	701,265
		<b>4,088,591,568</b>	<b>1,781,863,523</b>

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

- 10.1** The Company entered into a financing agreement with BGPL, a wholly owned subsidiary, to the extent of Rs. 10 million in order to finance its working capital requirements and for any other business as may be mutually agreed between the parties to the agreement. The loan is repayable within 30 business days of notice of demand.
- 10.2** The Company entered into a loan agreement with Javedan Corporation Limited, a related party. The loan is repayable within 30 business days of notice of demand. The mark-up rate on the said loan is 3 month KIBOR + 1.80% per annum. Mark-up is payable on quarterly basis. The rate of mark-up on the loan during the year ranged between 23.79% to 24.70% per annum (2023: 19% to 23.88%).
- 10.3** This represents an advance payment for the issuance of 126,213,527 units having a par value of Rs. 10 per unit, accounting for 58.52% ownership in a limited-life, Shariah-compliant developmental REIT Scheme. The Scheme, managed by Arif Habib Dolmen REIT Management Limited, a related party, has recently acquired a real estate land parcel (FL-01 and FL-02) measuring 23,049 square yards in Naya Nazimabad, Karachi, with the aim of constructing and subsequently selling apartments. Units corresponding to this advance have been issued subsequent to year end.
- 10.4** This represents an advance payment for the issuance of 120,000,000 units having a par value of Rs. 10 per unit, accounting for 100% ownership in a limited-life, Shariah-compliant developmental REIT Scheme. The Scheme, managed by Arif Habib Dolmen REIT Management Limited, a related party, has recently acquired a real estate land parcel (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) measuring 29,818 square yards in Naya Nazimabad, Karachi, with the aim of constructing and subsequently selling apartments. Units corresponding to this advance have been issued subsequent to year end.
- 10.5** This represents advance in Musharaka arrangement with SIDR, REIT Fund management by Arif Habib Dolmen REIT Management Limited, a related party. This investment carries a fixed return of KIBOR + 200 basis points per annum which is accrued and recognized over time using the effective interest rate. Upon the expiration of the Musharaka tenor, the Company has the option to convert the outstanding Musharaka investment into units of the SIDR.
- 10.6** This represents advance paid for equity investment in a shariah compliant development REIT scheme (Scheme). The Scheme is managed by Arif Habib Dolmen REIT Management Limited (RMC) - a related party. The Scheme has acquired two immovable properties from the Lahore Central Business District Development Authority against the agreed consideration payable as per the payment plan.
- 10.7** The carrying values of the loans and advances are neither past due nor impaired. The maximum amount outstanding from related parties in respect of loans and advances at end of any month during the year was Rs. 2,553.10 million (2023: Rs. 2,957.85 million).
- 10.8** During the year, Arif Habib Limited (AHL), as the demerged undertaking, acquired Mr. Arif Habib's proportionate interest in 142 apartments located in the Globe Residency REIT (GRR) residential project for a total consideration of Rs. 630 million. In addition, AHL made further payments of Rs. 67.37 million to GRR under the installment plan for the apartments, which are still under development.

AHL also entered into an arrangement with GRR, authorizing GRR to market the apartments on its behalf and collect the sales proceeds. According to the agreement, the proceeds from the sale, net of expenses, will first be applied to settle AHL's outstanding installment obligations. Any surplus proceeds will be retained by GRR until the project's completion, with a quarterly markup of KIBOR + 1.50% payable to AHL in arrears.

As of 30 June 2024, GRR has collected Rs. 84.11 million from customers on behalf of AHL. Out of this, Rs. 30.10 million has been applied towards AHL's due installments, and Rs. 15.84 million has been deducted as selling expenses. The remaining Rs. 38.17 million has been treated as a working capital loan, which bears interest and will be adjusted upon the project's completion.

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

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

11. MARK-UP RECEIVABLE		2024	2023
		(Rupees)	
<b>Considered good</b>			
From related parties:			
- Aisha Steel Mills Limited		46,264,840	71,242,617
- Fatima Fertilizer Company Limited		-	86,227,246
- Javedan Corporation Limited		10,558,850	28,618,381
- Globe Residency REIT		1,455,228	-
- Silk Islamic Development REIT		19,001,370	-
		<u>77,280,288</u>	<u>186,088,244</u>
<b>11.1</b>	The maximum amount outstanding from related parties in respect of mark-up receivable as at the end of any month during the year was Rs. 147.52 million (2023: Rs. 186.09 million).		
12. PREPAYMENTS AND OTHER RECEIVABLES	Note	2024	2023
		(Rupees)	
Receivable from Rahat Residency REIT	12.1	651,630,000	-
Sales tax receivable		2,816,342	2,816,342
Guarantee commission receivable	12.2	2,742,750	4,650,422
Prepayments		1,392,768	1,085,484
Others		2,167,057	1,945,000
		<u>660,748,917</u>	<u>10,497,248</u>
<b>12.1</b>	This represents receivable from Rahat Residency REIT on account of sale of 5 commercial plots located at Block A, Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi.		
12.2 Guarantee commission receivable		2024	2023
		(Rupees)	
Aisha Steel Mills Limited		283,284	367,944
Sachal Energy Development (Private) Limited		2,247,546	3,401,568
Power Cement Limited		211,920	239,470
Arif Habib Limited		-	641,440
		<u>2,742,750</u>	<u>4,650,422</u>
<b>12.2.1</b>	The maximum amount due in respect of guarantee commission receivable as at the end of any month during the year was Rs. 4.64 million (2023: Rs. 4.65 million).		
13. SHORT TERM INVESTMENTS		2024	2023
		(Rupees)	
<b>Equity securities at fair value through profit or loss</b>			
Investment in ordinary shares of related parties		5,357,818,648	2,343,840,809
Investment in preference shares of related parties		558,976,188	703,543,481
Investment in ordinary shares of other companies		877,393,523	755,738,040
		<u>6,794,188,359</u>	<u>3,803,122,330</u>

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

13.1 Reconciliation of gain on remeasurement of equity securities at fair value through profit or loss	2024	2023
	(Rupees)	
Cost of investment	6,918,380,533	3,997,123,142
Unrealised gain / (loss) - net		
Balance as at July 01	(194,000,812)	714,306,924
Effect of scheme	(502,865,403)	-
Unrealised gain / (loss) for the year - net	572,674,041	(908,307,736)
	(124,192,174)	(194,000,812)
<b>Balance as at June 30</b>	<b>6,794,188,359</b>	<b>3,803,122,330</b>

13.2 Fair value of short term investments pledged with commercial banks against various financing facilities availed by the Company amounts to Rs. 792.2 million (2023: Rs. 1,426.65 million).

14. CASH AND BANK BALANCES	Note	2024	2023
		(Rupees)	
With banks in:			
Current accounts			
- In local currency		29,887,072	24,299,364
- In foreign currency		11,152,022	11,474,201
		41,039,094	35,773,565
Saving accounts	14.1	4,903,142	4,541,326
		45,942,236	40,314,891
Cash in hand (in local and foreign currency)		33,205	33,526
		45,975,441	40,348,417

14.1 Mark-up on saving accounts carries interest rates ranging between 19.5% to 20.51% (2023: 12.25% to 19.51%) per annum.

## 15. SHARE CAPITAL

15.1 Authorised share capital		2024	2023		2024	2023
		(Number of shares)			(Rupees)	
		1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	10,000,000,000	10,000,000,000

15.2 Issued, subscribed and paid up share capital		2024	2023		2024	2023
		(Number of shares)			(Rupees)	
		5,000,000	5,000,000	Ordinary shares of Rs. 10 each fully paid in cash	50,000,000	50,000,000
		450,750,000	450,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	4,507,500,000	4,507,500,000
		455,750,000	455,750,000		4,557,500,000	4,557,500,000
		(2,000,000)	(2,000,000)	Ordinary shares of Rs. 10 each bought back at Rs. 360 per share	(20,000,000)	(20,000,000)
		(45,375,000)	(45,375,000)	Ordinary shares of Rs. 10 each bought back at Rs. 27 per share	(453,750,000)	(453,750,000)
		408,375,000	408,375,000		4,083,750,000	4,083,750,000



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

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

**15.2.2** During the financial year 2019-2020, the Company purchased and cancelled 45,375,000 ordinary shares (10% of existing shares i.e. 453,750,000). The buy-back and cancellation of shares were approved by shareholders at the extra ordinary general meeting held on July 03 2019. The shares were acquired at a purchase price of Rs. 27 per share. The purchase of shares were made in cash out of the distributable profits as required under Section 88(8) of the Companies Act, 2017 read with the Listed Companies (Buy-Back of Shares) Regulations, 2019. Pursuant to buy-back of shares, the ordinary share capital of the Company has been reduced by 45,375,000 ordinary shares amounting to Rs. 453,750,000.

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

**15.2.4** As at June 30, 2024, Mr. Arif Habib (Chief Executive of the Company) held 81.32% (2023: 80.54%) of ordinary shares in the Company.

## 16. SHARES TO BE ISSUED UNDER SCHEME OF ARRANGEMENT

This reserve pertains to shares that will be issued subsequent to the year ended June 30, 2024 in relation to the scheme of arrangement as disclosed in note 1.2 of the unconsolidated financial statements.

## 17. DEFERRED TAXATION - NET

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

	Note	2024 (Rupees)	2023
<i>Taxable temporary differences</i>			
- Unrealised gain on investment in equity securities at fair value		1,316,970,146	531,156,028
- Unrealised gain on investment in debt securities at fair value through profit or loss - unquoted		604,911	-
		<b>1,317,575,057</b>	<b>531,156,028</b>
<i>Deductible temporary differences</i>			
- Impairment loss on long term investment - unquoted		(20,280,000)	(20,280,000)
- Unrealised loss on investment in debt securities at fair value through profit or loss - unquoted		-	(13,983,499)
- Lease liability against right of use assets - net		(1,488,103)	-
- Accelerated tax depreciation and amortization		(10,754,924)	(11,507,333)
		<b>1,285,052,030</b>	<b>485,385,196</b>
Unused tax losses		(301,706,446)	(265,845,947)
		<b>983,345,584</b>	<b>219,539,249</b>
Deferred tax asset not recognised	17.1	<b>334,229,473</b>	<b>311,616,779</b>
Deferred tax liability		<b>1,317,575,057</b>	<b>531,156,028</b>

### 17.1 Unrecognised deferred tax assets

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

Deferred tax asset on unused tax losses will lapse after 6 years of loss occurred.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 18. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

	2024	2023
	(Rupees)	
Balance at July 01	-	5,762,209
Additions during the year	35,278,875	-
Effect of lease modification	4,241,120	-
Interest accrued	6,333,139	546,011
Lease rental paid	(15,125,340)	(6,308,220)
<b>Balance at June 30</b>	<b>30,727,794</b>	<b>-</b>
Current portion	12,823,623	-
Non-current portion	17,904,171	-
	<b>30,727,794</b>	<b>-</b>

### 18.1 Lease liability is payable as follows:

	2024		
	Less than one year	Between one and two years	Total
	----- (Rupees) -----		
Future minimum lease payments	17,191,316	18,910,448	36,101,764
Less: Interest relating to the future periods	(4,367,693)	(1,006,277)	(5,373,970)
Present value of minimum lease payment	<b>12,823,623</b>	<b>17,904,171</b>	<b>30,727,794</b>
	-----		
	2023		
	Less than one year	Between one and two years	Total
	----- (Rupees) -----		
Future minimum lease payments	-	-	-
Less: Interest relating to the future periods	-	-	-
Present value of minimum lease payment	<b>-</b>	<b>-</b>	<b>-</b>
	-----		

## 19. RUNNING FINANCE UNDER MARKUP ARRANGEMENT

Running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 6,200 million (2023: Rs. 6,200 million). These facilities have various maturity dates up to February 28, 2026 and are generally renewable. These arrangements are secured against the pledge of marketable securities having margin ranging from 30% to 50%.

These running finance facilities carry mark-up ranging from 3-month KIBOR plus 0.7% to 3-month KIBOR plus 1.75% per annum (2023: 3-month KIBOR plus 0.7% to 3-month KIBOR plus 1.75% per annum) calculated on a daily product basis, and is payable quarterly. The aggregate amount of these facilities which have not been availed as at the reporting date amounts to Rs. 5,698 million (2023: Rs. 3,886 million).

The fair value of the Company's investments in listed shares pledged as collateral against running finance under markup arrangement amounts to Rs. 12,385.2 million (2023: Rs. 5,787.64 million) at the year-end.

## 20. LOAN FROM SPONSOR

During the year, the Company has obtained a loan facility from Mr. Arif Habib (Sponsor) with the objective to fulfill the working capital requirement. The sponsor has agreed to finance up to the limit of Rs. 2,200 million on need basis. The facility is renewed automatically every year and carries mark up at 3-month KIBOR plus 1% per annum payable on settlement of the loan. As at June 30, 2024, the company has been granted a loan of Rs. 800 million which is repayable on demand.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

21. OTHER PAYABLES	Note	2024 (Rupees)	2023
Payable to Arif Habib Limited, a Subsidiary Company	21.1	800,437,464	-
Mark-up due on running finance under markup arrangement		150,722,602	190,816,094
Mark-up due on sponsor loan		1,863,890	-
Other accrued expenses	21.2 & 21.3	17,913,107	13,877,776
		<u>970,937,063</u>	<u>204,693,870</u>

**21.1** This represents liabilities forming part of the Demerged Undertaking as on the balance sheet date.

**21.2** This includes Rs. 0.05 million (2023: Rs. 2.47 million) payable to Arif Habib Limited, a subsidiary company on account of CDC charges and purchase of securities.

**21.3** This includes Rs. 1.37 million (2023: Rs. 1.02 million) payable to Rotocast Engineering Company (Private) Limited, a related party on account of monthly expense contribution of utilities and maintenance charges.

22. TAXATION - NET	Note	2024 (Rupees)	2023
Balance at July 01		272,552,007	30,232,789
Provision for income tax	30 & 31	734,492,112	611,843,293
Tax payments / adjustments made during the year		(415,202,377)	(369,524,075)
Balance at June 30		<u>591,841,742</u>	<u>272,552,007</u>

## 23. CONTINGENCIES AND COMMITMENTS

### 23.1 Contingencies

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

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

The suit was dismissed due to non-prosecution on May 3, 2021, however, the suit was reopened and the case is pending with the Honourable High Court of Sindh.

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

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 23.2 Commitments

- 23.2.1** The Company has issued Corporate Guarantee, on behalf of a subsidiary company, namely Sachal Energy Development (Private) Limited (SEDPL), amounting to USD 100 million. The amount outstanding as at the year end amount to USD 30 million (2023: USD 40 million) to Industrial Commercial Bank of China in relation to a project financing agreement of SEDPL.
- 23.2.2** The Company has issued guarantee of Rs. 677.45 million (2023: Rs. 677.45 million) and Rs. 625 million (2023: Rs. 625 million) on behalf of Aisha Steel Mills Limited (ASML) - a related party to secure financing arrangement from Faysal Bank Limited and Habib Metropolitan Bank Limited, respectively. The Company has pledged 24.5 million ordinary shares of Fatima Fertilizer Company Limited valued at Rs. 1,264 million as at year end to Habib Metropolitan Bank Limited against this financing facility availed by ASML.
- 23.2.3** The Company has issued Corporate Guarantee on behalf of Power Cement Limited (PCL) to the extent of Rs. 847.68 million (2023: Rs. 847.68 million) issued to secure payment obligations of PCL.
- 23.2.4** The Company has pledged 115.85 million shares of Fatima Fertilizer Company Limited valued at Rs. 5,980 million with various banks for running finance facilities obtained by Arif Habib Limited, a subsidiary company. The exposure of this guarantee at reporting date was Rs. 2.76 billion.
- 23.2.5** The Company has obtained letters of indemnity from the respective related parties.
- 23.2.6** The Company holds 2.56 billion shares (2023: 2.56 billion) of Silkbank Limited in its CDC account. During financial year 2020, Silk bank Limited's sponsor had exercised the option granted to him to purchase the Company's entire investment in Silkbank Limited. Accordingly, the Company had derecognised its investment in Silkbank Limited and had also set off relevant deposits and margin against this investment. However, shares will be transferred as per the option agreement in due course in line with regulatory approvals.
- 23.3** For tax related matters, refer note 31 to these unconsolidated financial statements.

24. OTHER REVENUE	Note	2024 (Rupees)	2023
Unwinding of interest on debt instrument	24.1	111,446,528	95,399,605
Guarantee commission income	24.2	12,396,927	16,277,294
		<u>123,843,455</u>	<u>111,676,899</u>

- 24.1** This pertains to notional income that emerges from the unwinding of interest income on a debt instrument at amortised cost. This unwinding is determined by discounting the interest income to its present value at the point of initial recognition.
- 24.2** This pertains to guarantees issued to related parties namely, Sachal Energy Development (Private) Limited, Aisha Steel Mills Limited and Power Cement Limited.



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

25. ADMINISTRATIVE EXPENSES	Note	2024 (Rupees)	2023
Salaries and benefits	25.1	76,133,480	69,466,736
Commission		-	21,664,167
Depreciation	4.4	17,875,412	15,949,934
Travelling and conveyance		14,607,502	8,977,229
Repairs and maintenance		4,585,109	7,487,714
Electricity		7,497,575	5,201,200
Legal and professional charges		9,178,707	4,987,196
Printing and stationery		3,887,189	4,871,296
Fees and subscription		4,003,860	4,706,188
Advertisement and business promotion		8,908,458	4,692,359
Auditor's remuneration	25.2	5,002,436	3,746,621
Insurance		4,603,049	3,588,143
Rent, rates and taxes		1,151,477	3,118,179
Custody and settlement charges		3,319,561	2,141,393
Communication		1,314,051	1,168,890
Entertainment		962,413	906,671
Directors' meeting fees		2,300,000	850,000
Amortisation of intangible assets	5	154,740	154,740
Others		4,539,402	2,463,483
		<b>170,024,421</b>	<b>166,142,139</b>

**25.1** Salaries and benefits include Rs. 3.67 million (2023: Rs. 3.39 million) in respect of provident fund contribution. All investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

25.2 Auditor's remuneration	2024 (Rupees)	2023
Audit fee	2,550,000	1,700,000
Interim review	550,000	480,000
Other services (certifications)	1,291,159	1,073,307
Out of pocket expense	314,800	215,786
Sales tax	296,477	277,528
	<b>5,002,436</b>	<b>3,746,621</b>

26. NET FINANCE COSTS	2024 (Rupees)	2023
Mark-up income on loans to associates	343,793,119	380,499,908
Mark-up income on bank deposits	1,940,423	1,956,574
<b>Finance income</b>	<b>345,733,542</b>	<b>382,456,482</b>
Mark-up on Running finance under markup arrangement	640,298,739	519,910,954
Mark-up on loan from sponsor	1,863,890	-
Interest expense on lease liabilities against right-of-use assets	6,333,140	546,011
Bank charges	72,573	74,804
<b>Finance costs</b>	<b>648,568,342</b>	<b>520,531,769</b>
<b>Net finance cost</b>	<b>(302,834,800)</b>	<b>(138,075,287)</b>

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

27. GAIN / (LOSS) ON REMEASUREMENT OF INVESTMENTS - NET	Note	2024 (Rupees)	2023
Long term investments		6,585,881,678	(1,655,568,065)
Short term investments	13.1	572,674,041	(908,307,736)
		<u>7,158,555,719</u>	<u>(2,563,875,801)</u>
<b>28. OTHER INCOME</b>			
<b>Financial assets</b>			
Gain on foreign currency translation		-	3,291,891
		<u>-</u>	<u>3,291,891</u>
<b>29. OTHER CHARGES</b>			
Donations	29.1	3,300,000	59,250
Loss on disposal of fixed assets		-	15,706
Loss on foreign currency translation		322,500	-
		<u>3,622,500</u>	<u>74,956</u>
<b>29.1</b> This include donations given mainly to Memon Health and Education Foundation of Rs. 2 million (2023: Nil) and Baitussalam Welfare Trust of Rs. 1 million (2023: Nil). There are no donations to any person, institution or organisation in which a director or his spouse had any interest.			
<b>30. LEVIES - FINAL TAX</b>			
		2024	2023 (Restated)
		(Rupees)	
Final tax u/s 5		<u>19,269,309</u>	5,850,942
<b>30.1</b> This represents final tax paid under section 5 of Income Tax Ordinance 2001 (ITO 2001), representing levy in terms of requirements of IFRIC 21 / IAS 37.			
<b>30.2</b> Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account			
		2024	2023
		(Rupees)	
Current tax liability for the year as per applicable tax laws		734,492,112	611,843,293
Portion of current tax liability as per tax laws, representing income tax under IAS 12		(715,222,803)	(605,992,351)
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37		(19,269,309)	(5,850,942)
Difference		<u>-</u>	<u>-</u>

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

31. INCOME TAX EXPENSE	2024	2023 (Restated)
	(Rupees)	
Current		
- for the year	719,986,454	605,923,190
- for prior years	(4,763,651)	69,161
	<b>715,222,803</b>	605,992,351
Deferred		
	714,305,560	398,427,132
	<b>1,429,528,363</b>	1,004,419,483

**31.1** The provision for current year tax represents tax on taxable income under final tax regime as per the applicable rate, minimum tax per annum under normal tax regime and super tax at the applicable rate as levied under Finance Act, 2024. The Company computes current tax expense based on the generally accepted interpretation of the tax laws to ensure that sufficient provision for the purpose of taxation is available. According to the management, the tax provision made in these unconsolidated financial statements is sufficient.

**31.2** During the financial year 2021, the petition filed by the Company against the imposition of super tax for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 for the tax years 2015 to 2019 in the Honourable High Court of Sindh was rejected vide order dated July 21, 2020. The Company, in consultation with its legal and tax advisors, has filed an appeal against the decision of the Honourable High Court of Sindh in the Supreme Court of Pakistan.

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

**31.3** The Government has levied a special tax from tax year 2022 and onwards on high earning persons. As per section 4C of the Income Tax Ordinance 2001 (the Ordinance), among others, where income exceeds Rs. 500 million, super tax shall be charged at a rate of 10% of income calculated under section 4C of the Ordinance. The Company has filed a constitutional petition against the imposition of such super tax on high earning persons including specified sectors in the Honourable Islamabad High Court and have obtained the stay order on its payment. The Company in consultation with its legal and tax advisor expects a positive outcome, however a provision amounting to Rs. 303.72 million for tax year 2023 and Rs. 358.41 million for the tax year 2024 has been recorded in these unconsolidated financial statements.

**31.4** Further, the deemed assessments for the tax years 2016 to 2020 were subsequently modified by the Additional Commissioner Inland Revenue (AdCIR) by issuing amended assessment orders (Orders), mainly attempting to reclassify Company's normal business income to income from other sources. The Company had filed appeal before the CIR (Appeals) against the Orders, who have remanded back the cases to AdCIR for re-examination and re-consideration of the facts of the cases. For aforementioned tax years, the Company and AdCIR are contesting the case in Appellate Tribunal Inland Revenue.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

31.5 Relationship between tax expense and accounting profit	2024 (Rupees)	2023
Profit before levies and income tax	10,879,395,177	37,909,881
Tax at the applicable tax rate of 29% (2023: 29%)	3,155,024,601	10,993,865
Tax effect of:		
Income subject to final tax regime	(542,771,594)	(462,074,671)
Income taxed as separate block of income	(100,049,578)	(123,451)
Prior year	(4,763,651)	69,162
Non-deductible expenses	138,742,422	199,152,616
Minimum tax at 1.25% (2023: 1.25%)	(3,978,615)	(110,648,623)
Exempt income	(2,266,122,407)	670,757,108
Super tax	358,410,933	303,717,289
Change in tax rate	-	239,056,277
Others	714,305,561	159,370,853
	<u>1,448,797,672</u>	<u>1,010,270,425</u>

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

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year and to be issued due to the effect of scheme of arrangement. There is no dilutive effect on the basic earnings per shares of the Company as at June 30, 2024.

	2024 (Rupees)	2023
Profit / (loss) for the year	9,430,597,505	(972,360,544)
	<b>(Number)</b>	
Weighted average number of ordinary shares	421,696,747	408,375,000
	<b>(Rupees)</b>	
Earnings / (loss) per share - basic and diluted	22.36	(2.38)

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

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

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



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

	Chief Executive		Directors		Executive employees	
	2024	2023	2024	2023	2024	2023
	----- (Rupees) -----					
Managerial remuneration	12,000,000	12,000,000	-	-	23,786,298	24,479,388
Contribution to provident fund	967,740	967,740	-	-	1,785,186	1,587,692
Bonus	2,000,000	2,000,000	-	-	3,689,383	3,419,898
Other perquisites and benefits	600,000	600,000	-	21,664,167	9,065,718	6,135,690
Directors' Meeting fee	-	-	2,300,000	675,000	-	-
<b>Total</b>	<b>15,567,740</b>	<b>15,567,740</b>	<b>2,300,000</b>	<b>22,339,167</b>	<b>38,326,585</b>	<b>35,622,668</b>
Number of person(s)	1	1	7	4	7	7

**33.3** The Chief Executive has been provided with free use of Company's maintained vehicles in accordance with the Company's policy. The net book value of these vehicles are Rs. 8.98 million (2023: Rs. 11.23 million).

## 34. NET CASH USED IN OPERATIONS

	Note	2024 (Rupees)	2023
Profit before levies and income tax		10,879,395,177	37,909,881
<b>Adjustments for:</b>			
Depreciation	4	17,875,412	15,949,934
Amortisation	5	154,740	154,740
Dividend income		(3,671,992,623)	(2,790,683,580)
(Gain) / loss on remeasurement of long term investments	27	(6,585,881,678)	1,655,568,065
(Gain) / loss on remeasurement of short term investments	27	(572,674,041)	908,307,736
(Gain) on remeasurement of investment property		(13,500,000)	-
Capital gain on sale of long term investment		-	(171,655,008)
Net finance cost	26	302,834,800	138,075,287
Unwinding of interest income on debt instrument	24	(111,446,528)	(95,399,605)
Exchange loss / (gain) on foreign currency translation	29	322,500	(3,291,891)
Loss on disposal of assets	29	-	15,706
		<b>(10,634,307,418)</b>	<b>(342,958,616)</b>
		<b>245,087,759</b>	<b>(305,048,735)</b>
<b>Effect on cash flow due to working capital changes</b>			
<i>(Increase) / decrease in current assets</i>			
Loans and advances		(2,029,545,539)	(607,791,131)
Prepayments, commission and other receivables		517,563,459	(2,595,338)
Short term investments		23,382,325	766,905,194
		<b>(1,488,599,755)</b>	<b>156,518,725</b>
<i>Increase in current liabilities</i>			
Unclaimed dividend		(19,651)	2,994,951
Other payables		(714,332,495)	8,723,354
		<b>(714,352,146)</b>	<b>11,718,305</b>
<b>Net cash used in operations</b>		<b>(1,957,864,142)</b>	<b>(136,811,705)</b>

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

35. CASH AND CASH EQUIVALENTS	Note	2024 (Rupees)	2023
Cash and bank balances	14	45,975,441	40,348,417
Running finance under markup arrangement	19	(501,329,430)	(2,314,280,474)
		<u>(455,353,989)</u>	<u>(2,273,932,057)</u>

## 36. OPERATING SEGMENTS

Based on internal management reporting structure for the year, no reportable segments were identified that were of continuing significance for decision making. All non-current assets of the Company as at June 30, 2024 are located in Pakistan.

## 37. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company has exposures to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### Risk management framework

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

### 37.1 Credit risk

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

#### *Credit risk management*

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

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

#### *Exposure to credit risk*

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

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

	2024	2023
	(Rupees)	
Debt instrument - at amortised cost	798,161,476	686,714,948
Debt instrument - at fair value through profit or loss	4,004,152,921	2,748,234,161
Long term deposits	349,590	349,590
Loan to related parties (short term and long term)	321,974,377	1,539,640,685
Guarantee commission receivable	2,742,750	4,650,422
Mark-up receivable	77,280,288	186,088,244
Other receivable	5,530,788	5,530,788
Bank balances	45,942,236	40,314,891
	<b>5,256,134,426</b>	<b>5,211,523,729</b>

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

None of the financial assets are past due.

#### *Long term deposits*

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

#### *Loans, mark-up and other receivables*

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

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

	2024	2023
	(Rupees)	
Not past due	401,997,415	1,730,379,351

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## Bank balances

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

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

## Concentration of credit risk

Details of the concentration of credit risk are as follows:

	2024	2023
	(Rupees)	
Fertilizer company	798,161,476	1,586,095,730
Real estate company	210,558,850	642,868,381
Real estate investment trust (REIT)	4,062,780,239	2,748,234,161
Steel manufacturing company	124,651,781	178,147,710
Banks	45,942,236	40,314,891
Mining companies	5,700,000	5,700,000
Employees	5,530,788	5,530,788
Power generation company	2,247,546	3,401,568
Brokerage house	-	641,440
Utility companies and CDC	349,590	349,590
Cement manufacturing company	211,920	239,470
	<b>5,256,134,426</b>	<b>5,211,523,729</b>



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 37.2 Liquidity risk

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

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

	2024			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	( Rupees )			
<b>Financial liabilities - Non derivative</b>				
Other payables	818,350,571	818,350,571	818,350,571	-
Unclaimed dividend	22,181,726	22,181,726	22,181,726	-
Running finance under markup arrangement (including mark-up due)	652,052,032	652,052,032	652,052,032	-
Loan from sponsor	800,000,000	800,000,000	800,000,000	-
Lease liability against right of use assets	30,727,794	36,101,764	17,191,316	18,910,448
	<b>2,323,312,123</b>	<b>2,328,686,093</b>	<b>2,309,775,645</b>	<b>18,910,448</b>
<b>2023</b>				
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	( Rupees )			
<b>Financial liabilities - Non derivative</b>				
Other payables	13,877,776	13,877,776	13,877,776	-
Unclaimed dividend	22,201,377	22,201,377	22,201,377	-
Running finance under markup arrangement (including mark-up due)	2,505,096,568	2,505,096,568	2,505,096,568	-
Loan from sponsor	-	-	-	-
Lease liability against right of use assets	-	-	-	-
	<b>2,541,175,721</b>	<b>2,541,175,721</b>	<b>2,541,175,721</b>	<b>-</b>

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

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 37.3 Market risk

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

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

### a) Foreign exchange risk management

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

Financial assets	2024		2023	
	(Rupees)	(US Dollars)	(Rupees)	(US Dollars)
Cash in hand	11,126	40	11,447	40
Bank balances	11,152,022	40,094	11,474,201	40,094

The following significant exchange rates were applicable during the year:

	2024		
	Average rate	Reporting date rates	
		Buying	Selling
US Dollars to Pakistan Rupee	282.35	278.14	278.58
	2023		
	Average rate	Reporting date rates	
		Buying	Selling
US Dollars to Pakistan Rupee	247.94	286.18	286.59

### Sensitivity analysis

A 10% strengthening / (weakening) of the Pakistan Rupee against various foreign currencies at reporting date would have (decreased) / increased the gain / loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2023.

	Effect on profit or loss	
	2024	2023
As at June 30	(Rupees)	
Effect in US Dollars	1,116,010	1,148,455

In addition, the Company has also given certain foreign currency guarantees, details of which are given in note 23.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## b) Interest / mark-up rate risk

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

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

	2024 (Effective interest rate %)	2023	2024 (Rupees)	2023
<b>Financial assets</b>				
Variable rate financial instruments				
Loans to related parties	23.26% to 26.22%	17.12% to 23.88%	278,103,657	1,533,940,685
Bank balances	20.50%	19.51%	4,903,142	4,541,326
<b>Financial liabilities</b>				
Variable rate financial instruments				
Loan from sponsor	22.21% to 24.41%	15.30% to 23.88%	800,000,000	-
Running finance under markup arrangement	22.21% to 24.41%	15.30% to 23.88%	501,329,430	2,314,280,474

### Cash flow sensitivity analysis for variable rate instruments

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

	Increase 100 bps (Rupees)	Decrease 100 bps
<b>As at June 30, 2024</b>		
- Cash flow sensitivity - Variable rate financial assets	2,830,068	(2,830,068)
- Cash flow sensitivity - Variable rate financial liabilities	13,013,294	(13,013,294)
<b>As at June 30, 2023</b>		
- Cash flow sensitivity - Variable rate financial assets	15,384,820	(15,384,820)
- Cash flow sensitivity - Variable rate financial liabilities	23,142,805	(23,142,805)

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

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

2024

Particulars	Interest / mark-up bearing						Non-interest / mark up bearing	Total
	Maturity up to one month	Maturity over one month to three months	Maturity over three months to six months	Maturity over six months to one year	Maturity after one year	Sub-total		
(Rupees)								
<b>On balance sheet financial instruments</b>								
<b>Financial assets</b>								
Investments	-	-	-	-	-	-	33,157,210,373	33,157,210,373
Loans	214,216,746	-	-	14,216,746	49,670,165	278,103,657	5,700,000	283,803,657
Long-term deposits	-	-	-	-	-	-	349,590	349,590
Other receivables	-	2,742,750	-	2,167,057	-	4,909,807	5,530,788	10,440,595
Markup receivable	77,280,288	-	-	-	-	77,280,288	-	77,280,288
Cash and bank balances	4,903,142	-	-	-	-	4,903,142	41,072,299	45,975,441
	296,400,176	2,742,750	-	16,383,803	49,670,165	365,196,894	33,209,863,050	33,575,059,944
<b>Financial liabilities</b>								
Lease liability against right-of-use asset	-	-	3,205,906	9,617,717	17,904,171	30,727,794	-	30,727,794
Running finance under markup arrangement	501,329,430	-	-	-	-	501,329,430	-	501,329,430
Unclaimed dividend	-	-	-	-	-	-	22,181,726	22,181,726
Other payables	150,722,602	-	-	-	-	150,722,602	820,214,461	970,937,063
	652,052,032	-	3,205,906	9,617,717	17,904,171	682,779,826	842,396,187	1,525,176,013
<b>On-balance sheet gap (a) *</b>	<b>(355,651,856)</b>	<b>2,742,750</b>	<b>(3,205,906)</b>	<b>6,766,086</b>	<b>31,765,994</b>	<b>(317,582,932)</b>	<b>32,367,466,863</b>	<b>32,049,883,931</b>
<b>Off-balance sheet gap (b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a+b)</b>	<b>(355,651,856)</b>	<b>2,742,750</b>	<b>(3,205,906)</b>	<b>6,766,086</b>	<b>31,765,994</b>	<b>(317,582,932)</b>		
<b>Cumulative interest rate sensitivity gap</b>	<b>(355,651,856)</b>	<b>(352,909,106)</b>	<b>(356,115,012)</b>	<b>(349,348,926)</b>	<b>(317,582,932)</b>	<b>(317,582,932)</b>		

2023

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

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



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## c) Price risk

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

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

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

### Sensitivity analysis

The table below summarizes the Company's equity price risk as of June 30, 2024 and 2023 and shows the effects of a hypothetical 30% increase or decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Accordingly, the sensitivity analysis prepared is not necessarily an indication of the effect on Company's net assets of future movement in the level of PSX 100 index.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices (Rupees)	Hypothetical increase / (decrease) in shareholder's equity	Hypothetical increase / (decrease) in profit / (loss) before tax
June 30, 2024	6,794,188,359	30% increase	8,832,444,867	1,579,648,793	2,038,256,508
		30% decrease	4,755,931,851	(1,579,648,793)	(2,038,256,508)
June 30, 2023	3,803,122,330	30% increase	4,944,059,029	924,158,726	1,140,936,699
		30% decrease	2,662,185,631	(924,158,726)	(1,140,936,699)

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 37.4 Financial instruments by category

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

	Mandatorily at fair value through profit or loss - others	Designated at fair value through profit or loss	Financial assets at amortized cost	Other financial liabilities
	(Rupees)			
<b>June 30, 2024</b>				
<b>Financial assets measured at fair value</b>				
Equity securities	6,794,188,359	16,623,107,664	-	-
Debt securities	4,004,152,921	-	-	-
	10,798,341,280	16,623,107,664	-	-
<b>Financial assets not measured at fair value</b>				
Equity securities	-	-	4,937,599,953	-
Debt securities	-	-	798,161,476	-
Cash and bank balances	-	-	45,975,441	-
Long term loan to a related party	-	-	49,670,165	-
Long term deposits and other receivables	-	-	5,880,378	-
Loans	-	-	272,304,212	-
Mark-up receivable	-	-	77,280,288	-
Other receivables	-	-	660,748,917	-
	-	-	6,847,620,830	-
<b>Financial liabilities not measured at fair value</b>				
Other payables	-	-	-	970,937,063
Running finance under markup arrangement	-	-	-	501,329,430
Unclaimed dividend	-	-	-	22,181,726
	-	-	-	1,494,448,219

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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## 37.5 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liability		Equity		Total
	Running finance under markup arrangement & sponsor loan used for cash management purpose including related accrued markup	Lease liability	Fair value reserve	Unappropriated profit	
	(Rupees)				
Balance as at July 1, 2022	2,037,015,903	5,762,209	(43,327,588)	15,793,296,784	17,792,747,308
Changes from financing cash flows					
Payment of lease liability	-	(6,308,220)	-	-	(6,308,220)
Dividend paid	-	-	-	(1,633,500,000)	(1,633,500,000)
Total changes from financing activities	-	(6,308,220)	-	(1,633,500,000)	(1,639,808,220)
Other changes					
Interest expense	519,910,954	546,011	-	-	520,456,965
Interest paid	(375,316,845)	-	-	-	(375,316,845)
Changes in Running finance under markup arrangement	323,486,556	-	-	-	323,486,556
Total loan related other changes	468,080,665	546,011	-	-	468,626,676
Total equity related other changes	-	-	43,327,588	(1,774,372,789)	(1,731,045,201)
Balance as at June 30, 2023	2,505,096,568	-	-	12,385,423,995	14,890,520,563
Changes from financing cash flows					
Payment of lease liability	-	(15,125,340)	-	-	(15,125,340)
Dividend paid	-	-	-	-	-
<b>Total changes from financing activities</b>	-	(15,125,340)	-	-	(15,125,340)
Other changes					
Interest expense	642,162,629	6,333,139	-	-	648,495,768
Interest paid	(731,331,981)	-	-	-	(731,331,981)
Reassessment of lease term	-	4,241,120	-	-	4,241,120
Changes in Running finance under markup arrangement	(962,011,294)	35,278,875	-	-	(926,732,419)
<b>Total loan related other changes</b>	(1,051,180,646)	45,853,134	-	-	(1,005,327,512)
<b>Total equity related other changes</b>	-	-	-	13,467,047,321	13,467,047,321
Balance as at June 30, 2024	1,453,915,922	30,727,794	-	25,852,471,316	27,337,115,032

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 38. FAIR VALUE MEASUREMENTS

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

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

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

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

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

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

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

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

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

June 30, 2024

	Carrying amount				Fair value			
	Mandatorily / designated at fair value through profit or loss	Fair value through other comprehensive income - equity Instruments	Financial assets at amortized cost	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3
(Rupees)								
<b>Financial assets measured at fair value</b>								
Long term investments	20,627,260,585	-	-	-	-	17,829,089,974	-	2,798,170,611
Short term investments	6,794,188,359	-	-	-	-	6,794,188,359	-	-
<b>Financial assets not measured at fair value</b>								
Subsidiary	-	-	4,937,599,953	-	-	-	-	-
Debt securities	-	-	798,161,476	-	-	-	-	-
Long term loan to related party	-	-	49,670,165	-	-	-	-	-
Long term deposits and other receivables	-	-	5,880,378	-	-	-	-	-
Other receivables	-	-	660,748,917	-	-	-	-	-
Loans	-	-	272,304,212	-	-	-	-	-
Mark-up receivable	-	-	77,280,288	-	-	-	-	-
Cash and bank balances	-	-	45,975,441	-	-	-	-	-
	<b>27,421,448,944</b>	<b>-</b>	<b>6,847,620,830</b>	<b>-</b>	<b>-</b>			
<b>Financial liabilities not measured at fair value</b>								
Other payables	-	-	-	-	970,937,063	-	-	-
Running finance under markup arrangement	-	-	-	-	501,329,430	-	-	-
Unclaimed dividend	-	-	-	-	22,181,726	-	-	-
Current portion of lease liability	-	-	-	-	12,823,623	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,507,271,842</b>			

June 30, 2023

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



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

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

## **38.2 Measurement of fair values**

### **38.2.1 Investments - at fair value through profit or loss**

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

<b>Type</b>	<b>Date of valuation</b>	<b>Valuation approach and assumptions</b>
Silk Islamic Development REIT (SIDR)	June 30, 2024	The Company has valued this investment on fair value basis using the discounted cashflow technique, considering the progress on the project. This method considers the present value of all future proceeds from SIDR, discounted using a risk adjusted discount rate which is taken at 17.92%. The cash flow projections include specific estimates for the entire life of the project which is estimated to be 10 years from the balance sheet date. Further, discounting due to lack of marketability factor (DLOM) is taken at 25% on the present value of all future proceeds.
Naya Nazimabad Apartment REIT (NNR)	June 30, 2024	The Company has valued this investment on fair value basis using the discounted cashflow technique, considering the progress on the project. This method considers the present value of all future proceeds from NNR, discounted using a risk adjusted discount rate which is taken at 17.92%. The cash flow projections include specific estimates for the entire life of the project which is estimated to be 7 years from the balance sheet date. Further, discounting due to lack of marketability factor (DLOM) is taken at 25% on the present value of all future proceeds.
Rahat Residency REIT (RRR)	June 30, 2024	The Company has valued this investment on fair value basis using the discounted cashflow technique, considering the progress on the project. This method considers the present value of all future proceeds from RRR, discounted using a risk adjusted discount rate which is taken at 17.92%. The cash flow projections include specific estimates for the entire life of the project which is estimated to be 5 years from the balance sheet date. Further, discounting due to lack of marketability factor (DLOM) is taken at 25% on the present value of all future proceeds.
Signature Residency REIT (SRR)	June 30, 2024	The Company has valued this investment on fair value basis using the discounted cashflow technique, considering the progress on the project. This method considers the present value of all future proceeds from SRR, discounted using a risk adjusted discount rate which is taken at 17.92%. The cash flow projections include specific estimates for the entire life of the project which is estimated to be 4 years from the balance sheet date. Further, discounting due to lack of marketability factor (DLOM) is taken at 25% on the present value of all future proceeds.
JCL Musharakah Arrangement	June 30, 2024	The Company has valued this investment on fair value basis using the discounted cashflow technique, considering the progress on the project. This method considers the present value of all future sales proceeds from apartments in the REIT, discounted using a risk adjusted discount rate which is taken at 21.39%. Cashflows are based estimates of the future sale prices of the apartments in the REIT.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 38.2.2 Valuation inputs and relationships to fair value

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

Type	Unobservable inputs	Range of inputs	Sensitivity of the inputs to fair value
Silk Islamic Development REIT (SIDR)	Risk-adjusted discount rate	16.92% - 18.92% (17.92%)	1% increase in the risk adjusted discount rate would result in decrease in fair value by Rs. 63.60 million; 1% decrease in the risk adjusted discount rate would result in increase in fair value by Rs. 58.20 million as at 30 June 2024.
	Discount for lack of marketability (DLOM)	22% - 28% (25%)	3% increase / (decrease) in DLOM factor would result in increase / (decrease) in fair value by Rs. 34.80 million as at 30 June 2024.
Naya Nazimabad Apartment REIT (NNR)	Risk-adjusted discount rate	16.92% - 18.92% (17.92%)	1% increase in the risk adjusted discount rate would result in decrease in fair value by Rs. 26.14 million; 1% decrease in the risk adjusted discount rate would result in increase in fair value by Rs. 64.15 million as at 30 June 2024.
	Discount for lack of marketability (DLOM)	22% - 28% (25%)	3% increase / (decrease) in DLOM factor would result in increase / (decrease) in fair value by Rs. 37.06 million as at 30 June 2024.
Rahat Residency REIT (RRR)	Risk-adjusted discount rate	16.92% - 18.92% (17.92%)	1% increase in the risk adjusted discount rate would result in decrease in fair value by Rs. 23.79 million; 1% decrease in the risk adjusted discount rate would result in increase in fair value by Rs. 25.05 million as at 30 June 2024.
	Discount for lack of marketability (DLOM)	22% - 28% (25%)	3% increase / (decrease) in DLOM factor would result in increase / (decrease) in fair value by Rs. 23.52 million as at 30 June 2024.
Signature Residency REIT (SRR)	Risk-adjusted discount rate	16.92% - 18.92% (17.92%)	1% increase in the risk adjusted discount rate would result in decrease in fair value by Rs. 2.64 million; 1% decrease in the risk adjusted discount rate would result in increase in fair value by Rs. 2.72 million as at 30 June 2024.
	Discount for lack of marketability (DLOM)	22% - 28% (25%)	3% increase / (decrease) in DLOM factor would result in increase / (decrease) in fair value by Rs. 5.38 million as at 30 June 2024.
JCL Musharaka Arrangement	Risk-adjusted discount rate	20.39% - 22.39% (21.39%)	1% increase in the risk adjusted discount rate would result in decrease in fair value by Rs. 1.95 million; 1% decrease in the risk adjusted discount rate would result in increase in fair value by Rs. 1.97 million as at 30 June 2024.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

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

	Financial assets - at fair value through profit or loss	Financial assets - at fair value through other comprehensive income (Rupees)	Total
Balance at July 1, 2022	600,000,000	1,380,997,985	1,980,997,985
Investment made during the year	-	-	-
Investment disposed during the year	-	(622,313,328)	(622,313,328)
Gain recognised on remeasurement of investment	341,400,000	-	341,400,000
Loss recognised on remeasurement of investment	-	(758,684,657)	(758,684,657)
Balance at June 30, 2023	941,400,000	-	941,400,000
Balance at July 1, 2023	941,400,000	-	941,400,000
Investment made during the year	1,460,764,840	-	1,460,764,840
Transfers from Level 2 to Level 3	746,112,000	-	746,112,000
Gain recognised on remeasurement of investment	17,846,822	-	17,846,822
Loss recognised on remeasurement of investment	(367,953,051)	-	(367,953,051)
<b>Balance at June 30, 2024</b>	<b>2,798,170,611</b>	<b>-</b>	<b>2,798,170,611</b>

## 38.2.4 Investment in subsidiaries - at cost

Investment in a subsidiary company namely Arif Habib Limited is quoted on the Pakistan Stock Exchange and fair value of investment, based on the available market price, is Rs. 2,812 million (2023: Rs. 1,271 million). The said subsidiary is carried at cost and fair value is determined for disclosure purposes. However, the fair value of the investment in the other subsidiary company, being an unlisted company has not been disclosed due to non-availability (and as such not disclosed above).

## 38.2.5 Investment Property - at fair value

The fair value of investment property is determined at the end of each year by independent suitably qualified valuer. The fair value of the investment property as at June 30, 2024 was performed by Messrs. Asif Associates (Private) Limited, who are independent valuers not related to the Company. Messrs. Asif Associates (Private) Limited have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The fair value was determined based on the market comparable approach to make a fair and realistic evaluation of the land. The investment property was transferred from Arif Habib Limited due to Scheme of arrangement and there has been no change to the valuation of technique during the year. In estimating the fair value of property, the highest and best use of the property is their current use.

## 39. CAPITAL MANAGEMENT

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

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 40. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of group companies (including subsidiaries and associates companies), directors and their close family members, major shareholders of the Company, companies where directors also hold directorship, key management personnel and staff provident fund. Transactions with related parties are carried out at contractual / agreed terms. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration of Chief Executive Officer, Directors and Executives is disclosed in note 33 to the unconsolidated financial statements.

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

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

Name of the related party	Transactions during the year	2024 (Rupees) 2023	
<b>Subsidiaries</b>			
Arif Habib Limited (72.92% shareholding)	Services availed	2,805,169	5,222,927
	Dividend income	119,121,305	247,022,832
Sachal Energy Development (Private) Limited (85.83% shareholding)	Guarantee commission	10,246,791	11,366,903
	Dividend Income	1,373,232,530	1,235,909,277
Black Gold Power Limited (100% shareholding)	Loan extended	-	200,000
<b>Associates</b>			
Fatima Fertilizer Company Limited (15.19% shareholding)	Dividend income	1,520,463,774	1,116,500,721
	Markup on loan	146,295,011	157,204,633
Safe Mix Concrete Limited (32.40% shareholding)	Loan repaid	-	18,118,274
	Markup on loan	-	579,859
<b>Associated companies by virtue of common directorship</b>			
Aisha Steel Mills Limited * (13.8% shareholding)	Loan extended	3,550,000,000	8,160,000,000
	Loan repaid	3,550,000,000	8,188,433,492
	Markup on loan	62,960,742	186,601,145
	Guarantee commission	1,302,456	1,302,456
Power Cement Limited * (6.50% shareholding)	Guarantee commission	847,680	847,680
Javedan Corporation Limited * (19.84% shareholding)	Markup on loan	114,080,768	36,114,271
	Loan extended	5,200,000,000	614,250,000
	Loan repaid	5,966,250,000	-
	Dividend Income	257,304,702	152,244,468
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of utilities, insurance and maintenance charges	23,817,902	23,817,902

\* The shareholding percentage includes ordinary and preference shares.

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

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

Name of the related party	Transactions during the year	2024	2023
		(Rupees)	
<b>Others</b>			
Employees retirement benefit - Provident fund	Company's contribution	3,678,802	3,399,607
Key management personnel compensation	Salaries and other employee benefits	34,340,756	49,404,976
	Contributions to provident fund	1,917,894	2,555,432
Mr. Arif Habib	Dividend paid	-	1,315,683,868
Mr. Asadullah Khawaja	Meeting fee paid	250,000	200,000
	Dividend paid	-	324,024
Mr. Khawaja Jallaluddin Roomi (ex-director now)	Meeting fee paid	75,000	275,000
	Dividend paid	-	12,946,000
Mr. Khawaja Najam Ud Din Roomi	Meeting fee paid	275,000	-
Ms. Zeba Bakhtiar	Meeting fee paid	250,000	200,000
	Dividend paid	-	400
Mr. Abdus Samad	Meeting fee paid	250,000	-
	Dividend paid	-	4,024
Mr. Muhammad Kashif	Meeting fee paid	325,000	-
	Dividend paid	-	141,160
Mr. Nasim Beg	Meeting fee paid	250,000	-
	Dividend paid	-	8,312
	Comission paid	-	21,664,167
Mr. Muhammad Ejaz	Meeting fee paid	350,000	-
	Dividend paid	-	484

#### 41. NUMBER OF EMPLOYEES

Number of persons employed by the Company as on the year end are 23 (2023: 25) and average number of employees during the year are 24 (2023: 24).

#### 42. NON-ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors of the Company has proposed a cash dividend of Rs. 7.00 (2023: Nil) per share amounting to Rs.2,951,877,229 (2023: Nil) at its meeting held on October 31, 2024 for the approval of the members at the annual general meeting to be held on November 27,2024. These unconsolidated financial statements for the year ended June 30, 2024 do not include the effect of the proposed final cash dividend which will be accounted in the year ending June 30, 2025.

#### 43. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements have been authorised for issue on October 31, 2024 by the Board of Directors of the Company.



Chief Executive Officer



Director



Chief Financial Officer



# Consolidated Financial Statements

for the year ended 30<sup>th</sup> June 2024

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# Independent Auditor's Report

To the members of Arif Habib Corporation Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the annexed consolidated financial statements of Arif Habib Corporation Limited (the Holding Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2024, 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.



Following is the Key audit matter:

S No.	Key audit matter	How the matter was addressed in our audit
(i)	<p><b>Investments</b></p> <p><i>(Refer note 10, 11 and 18 to the consolidated financial statements)</i></p> <p>As at June 30, 2024, the Group has investments classified as “Associates – measured using equity accounting method”, “equity securities - designated at fair value through other comprehensive income”, “debt instrument – designated at fair value through profit or loss”, “debt instrument designated at amortised cost”, and “equity securities designated at fair value through profit or loss” amounting to Rs. 31.71 billion which in aggregate represent 48.80% of the total assets of the Group. Investments are carried at fair value, amortised cost or using the equity accounting method in accordance with the Group’s accounting policy relating to their recognition and subsequent measurement.</p> <p>The valuation of investment is significant to the consolidated financial statements and involves management’s judgment and use of key assumptions and estimates and therefore we have considered this to be a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>- Tested, on a sample basis, specific purchases and sale transactions recorded during the year by reference to its source;</li> <li>- In case of quoted securities, tested the valuation of such securities by agreeing the prices to the externally quoted market prices;</li> <li>- In case of unquoted securities, obtained the understanding of the basis of estimates and assumptions. Further, evaluated their appropriateness and tested the valuation of such securities;</li> <li>- Assessed the appropriateness of impairment policy in accordance with the requirements of accounting and reporting standards; and</li> <li>- Assessed the relevant disclosures made in the consolidated financial statements to determine whether these complied with the accounting and reporting standards as applicable in Pakistan.</li> </ul>

**Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor’s Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditor’s reports thereon.

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

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

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

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



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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



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

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



A. F. Ferguson & Co.  
Chartered Accountants  
Karachi

Date: November 05, 2024  
UDIN: AR202410059w5jMqHuSU







# STATEMENT OF CONSOLIDATED FINANCIAL POSITION

As at 30<sup>th</sup> June 2024

ASSETS	Note	2024 (Rupees)	2023
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	16,862,656,879	18,327,271,281
Intangible assets	6	978,594	1,412,241
Goodwill	7	910,206,117	910,206,117
Trading right entitlement certificate, membership cards and offices	8	5,600,000	5,600,000
Investment properties	9	207,900,000	202,000,000
Equity accounted investees	10	19,528,823,031	16,042,756,743
Other long term investments	11	4,832,776,004	4,520,203,177
Long term loan to related party	12	49,670,165	78,103,657
Long term advances, deposits and other receivables	13	56,374,711	513,072,150
		<b>42,454,985,501</b>	<b>40,600,625,366</b>
<b>CURRENT ASSETS</b>			
Trade debts	14	5,766,986,879	4,897,902,353
Loans and advances	15	4,088,604,166	2,384,477,319
Deposits and prepayments	16	304,237,366	138,341,099
Receivable under margin trading system		12,631,269	11,679,177
Accrued mark-up and other receivables	17	1,233,332,362	1,449,757,558
Short term investments	18	7,344,894,001	6,652,917,876
Cash and bank balances	19	3,768,472,554	1,644,267,507
		<b>22,519,158,597</b>	<b>17,179,342,889</b>
<b>TOTAL ASSETS</b>		<b>64,974,144,098</b>	<b>57,779,968,255</b>

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



Chief Executive Officer



Director



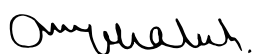
Chief Financial Officer

# STATEMENT OF CONSOLIDATED FINANCIAL POSITION

As at 30<sup>th</sup> June 2024

	Note	2024 (Rupees)	2023
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid-up share capital	20	4,083,750,000	4,083,750,000
Shares to be issued under scheme of arrangement	21	133,217,470	-
		<b>4,216,967,470</b>	4,083,750,000
<b>Capital reserves</b>			
Surplus on revaluation	22	7,835,000	7,835,000
<b>Revenue reserves</b>			
General reserve	23	4,019,567,665	4,019,567,665
Unappropriated profit		34,805,458,414	26,004,636,795
Equity attributable to owners of the Parent Company		<b>43,049,828,549</b>	34,115,789,460
Non-controlling interest	24	2,364,303,954	3,070,755,570
<b>TOTAL EQUITY</b>		<b>45,414,132,503</b>	37,186,545,030
<b>NON-CURRENT LIABILITIES</b>			
Long term loans - secured	25	5,449,490,891	8,397,435,371
Land lease liability	26	34,301,663	11,479,191
Lease liability against right-of-use assets	27	61,770,819	918,356
Staff retirement benefits	28	46,016,466	40,421,863
Deferred taxation - net	29	4,095,822,090	3,249,244,252
		<b>9,687,401,929</b>	11,699,499,033
<b>CURRENT LIABILITIES</b>			
Trade and other payables	30	3,717,948,719	1,235,709,471
Accrued mark-up		264,357,754	423,365,310
Sales tax payable		208,926,360	79,153,171
Short term borrowings	31	1,165,647,311	3,932,066,154
Loan from sponsor	32	800,000,000	-
Current portion of long term loans - secured	25	2,788,000,000	2,871,000,000
Current portion of lease liability against right-of-use assets	27	43,961,487	2,108,980
Current portion of land lease liability	26	9,280,000	1,360,000
Payable against purchase of investment - net		198,721,206	-
Taxation - net		631,925,278	305,534,288
Unclaimed dividend		43,841,551	43,626,818
		<b>9,872,609,666</b>	8,893,924,192
<b>TOTAL LIABILITIES</b>		<b>19,560,011,595</b>	20,593,423,225
Contingencies and commitments	33		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>64,974,144,098</b>	57,779,968,255

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



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF CONSOLIDATED PROFIT OR LOSS

For the year ended 30<sup>th</sup> June 2024

	Note	2024	2023 (Restated)
		(Rupees)	
Revenue	34	9,958,775,201	7,949,824,900
Gain on remeasurement of investments - net	35	192,901,618	240,649,008
Gain / (loss) on remeasurement of investment properties	9.1.4	12,650,971	(1,016,769,380)
Gain on sale of investments - net		765,187,414	92,546,036
Gain on sale of investment properties		749,029	1,261,550,827
		<b>10,930,264,233</b>	8,527,801,391
Cost of energy sales	36	(1,945,518,459)	(1,603,165,283)
Administrative expenses	37	(1,659,612,372)	(1,247,101,604)
Other income	38	73,223,561	47,000,392
Finance costs	39	(1,824,415,199)	(2,254,291,401)
Other charges	40	(18,450,415)	(70,611,203)
		<b>5,555,491,349</b>	3,399,632,292
Share of profit of equity accounted investees - net of tax	10.4	4,768,956,103	2,098,147,561
<b>Profit before levies and income tax</b>		<b>10,324,447,452</b>	5,497,779,853
Levies	41	(22,223,159)	(104,305,961)
<b>Profit before income tax</b>		<b>10,302,224,293</b>	5,393,473,892
Income tax expense	42	(1,788,516,684)	(1,579,643,709)
<b>Profit from continuing operations</b>		<b>8,513,707,609</b>	3,813,830,183
<b>Discontinued operation</b>			
Profit from discontinued operation, net of tax		-	2,575,645
<b>Profit for the year</b>		<b>8,513,707,609</b>	3,816,405,828
<b>Profit attributable to:</b>			
Equity holders of the Parent Company - continuing operations		7,820,182,695	3,416,399,357
Equity holders of the Parent Company - discontinued operation		-	1,753,731
		<b>7,820,182,695</b>	3,418,153,088
Non-controlling interests - continuing operations		693,524,914	397,430,826
Non-controlling interests - discontinued operation		-	821,914
		<b>693,524,914</b>	398,252,740
		<b>8,513,707,609</b>	3,816,405,828
<b>Earnings per share - basic &amp; diluted</b>			
For continuing operations		18.54	8.37
For discontinued operation		0.00	0.00
	43	<b>18.54</b>	8.37

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



Chief Executive Officer



Director



Chief Financial Officer



# STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the year ended 30<sup>th</sup> June 2024

	2024 (Rupees)	2023
<b>Profit for the year</b>	<b>8,513,707,609</b>	3,816,405,828
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to consolidated statement of profit or loss</i>		
Share of other comprehensive loss of equity accounted investees - net of tax	(15,123,971)	(7,986,446)
<b>Items that will not be reclassified subsequently to consolidated statement of profit or loss</b>	-	-
Other comprehensive loss for the year - net of tax	(15,123,971)	(7,986,446)
<b>Total comprehensive income</b>	<b>8,498,583,638</b>	3,808,419,382
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Parent Company - continuing operations	7,805,058,724	3,408,412,911
Equity holders of the Parent Company - discontinued operation	-	1,753,731
	7,805,058,724	3,410,166,642
Non-controlling interests - continuing operations	693,524,914	397,430,826
Non-controlling interests - discontinued operation	-	821,914
	693,524,914	398,252,740
	<b>8,498,583,638</b>	3,808,419,382

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



Chief Executive Officer



Director



Chief Financial Officer



# STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

For the year ended 30<sup>th</sup> June 2024

	Equity attributable to owners of the Parent Company					Non-controlling interests	Total equity	
	Issued, subscribed and paid-up share capital	Shares to be issued under scheme of arrangement	Capital reserve	Revenue reserves				
				Surplus on revaluation	General reserve			Unappropriated profit
	(Rupees)							
<b>Balance as at 1 July 2022</b>	4,083,750,000	-	15,432,500	4,019,567,665	23,920,777,173	32,039,527,338	3,570,144,157	35,609,671,495
<b>Total comprehensive income for the year</b>								
Profit for the year	-	-	-	-	3,418,153,088	3,418,153,088	398,252,740	3,816,405,828
Other comprehensive loss	-	-	-	-	(7,986,446)	(7,986,446)	-	(7,986,446)
	-	-	-	-	3,410,166,642	3,410,166,642	398,252,740	3,808,419,382
Surplus on revaluation transferred to retained earning	-	-	(7,597,500)	-	7,597,500	-	-	-
<b>Transactions with owners recorded directly in equity</b>								
Final cash dividend at the rate of Rs. 4 per share for the year ended 30 June 2022	-	-	-	-	(1,633,500,000)	(1,633,500,000)	-	(1,633,500,000)
Distribution by a subsidiary (AHL)	-	-	-	-	-	-	(349,107,891)	(349,107,891)
Acquisition of equity interest in subsidiary without change in control	-	-	-	-	299,595,480	299,595,480	(532,934,841)	(233,339,361)
Disposal of subsidiary	-	-	-	-	-	-	(15,598,595)	(15,598,595)
<b>Balance as at 30 June 2023</b>	4,083,750,000	-	7,835,000	4,019,567,665	26,004,636,795	34,115,789,460	3,070,755,570	37,186,545,030
<b>Total comprehensive income for the year</b>								
Profit for the year	-	-	-	-	7,820,182,695	7,820,182,695	693,524,914	8,513,707,609
Other comprehensive loss	-	-	-	-	(15,123,971)	(15,123,971)	-	(15,123,971)
	-	-	-	-	7,805,058,724	7,805,058,724	693,524,914	8,498,583,638
<b>Transactions with owners recorded directly in equity</b>								
Effects of scheme of arrangement - note 1.1.1	-	133,217,470	-	-	995,762,895	1,128,980,365	(1,128,980,365)	-
Distribution by subsidiaries	-	-	-	-	-	-	(270,996,165)	(270,996,165)
<b>Balance as at 30 June 2024</b>	4,083,750,000	133,217,470	7,835,000	4,019,567,665	34,805,458,414	43,049,828,549	2,364,303,954	45,414,123,503

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



Chief Executive Officer



Director



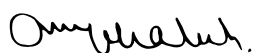
Chief Financial Officer

# STATEMENT OF CONSOLIDATED CASH FLOWS

For the year ended 30<sup>th</sup> June 2024

	Note	2024	2023
		(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	45	<b>7,760,974,982</b>	5,973,327,938
Income tax and levies paid		(637,771,015)	(626,314,505)
Mark-up received		999,437,344	843,740,856
Finance cost paid		(1,826,710,577)	(1,907,996,707)
Gratuity paid		(3,664,277)	(1,470,974)
<b>Net cash generated from operating activities</b>		<b>6,292,266,457</b>	4,281,286,608
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		(9,941,990)	(8,153,250)
Dividend from equity accounted investee		1,435,500,927	1,138,164,888
Acquisition of investment property		-	(183,806,134)
Acquisition of long term investment		(428,648,677)	(1,538,406,622)
Development charges incurred in relation to investment property		-	(12,957,220)
Proceeds from disposal of investment property		7,500,000	3,500,000
Proceeds from sale of property, plant and equipment		320,000	-
Acquisition of equity interest in subsidiary		-	(233,339,361)
Proceeds from sale of equity accounted investees		-	649,275,085
Proceeds from disposal of assets held for sale		-	80,997,985
<b>Net cash generated / (used in) from investing activities</b>		<b>1,004,730,260</b>	(104,724,629)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term loan		(2,874,500,000)	(2,612,200,000)
Repayment of loan to Javedan Corporation Limited		-	(800,000,000)
Loan received from sponsors		800,000,000	-
Repayment of loan under State Bank of Pakistan scheme		-	(9,654,142)
Refund against advance against equity		(2,000,000)	-
Distribution by subsidiary to non-controlling interest		(270,996,165)	(349,107,891)
Dividend paid		-	(1,633,500,000)
Land lease rent paid		(10,960,000)	(1,360,000)
Lease rentals paid		(47,916,662)	(22,633,124)
<b>Net cash used in financing activities</b>		<b>(2,406,372,827)</b>	(5,428,455,157)
<b>Net change in cash and cash equivalents</b>		<b>4,890,623,890</b>	(1,251,893,178)
Cash and cash equivalents at beginning of the year		(2,287,798,647)	(1,035,905,469)
<b>Cash and cash equivalents at end of the year</b>	46	<b>2,602,825,243</b>	(2,287,798,647)

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



Chief Executive Officer



Director



Chief Financial Officer

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 1. STATUS AND NATURE OF BUSINESS

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

The Parent Company is domiciled in the province of Sindh.

1.1 These consolidated financial statements of Arif Habib Corporation Limited for the year ended 30 June 2024 comprise of the Parent Company and following subsidiary and associate companies (here-in-after referred to as "the Group"):

### *Name of subsidiary companies*

	Note	% of effective holding	
		2024	2023
- Arif Habib Limited, a brokerage house	1.1.1	72.92%	72.92%
- Rayaan Commodities (Private) Limited,(formerly Arif Habib Commodities (Private) Limited), investment management of commodities [wholly owned subsidiary of Arif Habib Limited]	1.1.2	72.92%	72.92%
- Sachal Energy Development (Private) Limited, a wind power generation company	1.1.3	85.83%	85.83%
- Black Gold Power Limited, a coal power generation company	1.1.4	100%	100%

### *Name of associates*

- Fatima Fertilizer Company Limited, a fertilizer company	1.1.5	15.19%	15.19%
- Safemix Concrete Limited, a cement company	1.1.6	32.40%	-

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

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## Scheme of Arrangement and Amalgamation of Arif Habib Limited's Demerged Undertaking into the Parent Company

On December 26, 2023, the shareholders of Arif Habib Corporation Limited (the "Company" or "AHCL") and its subsidiary, Arif Habib Limited (AHL), in their respective Extraordinary General Meetings (EGMs), approved a Scheme of Arrangement (the "Scheme") dated November 17, 2023. The Scheme, sanctioned by the Honorable High Court of Sindh on October 21, 2024, was designed to bifurcate AHL into two distinct segments, the Demerged Undertaking and the Retained Undertaking, and simultaneously merge the Demerged Undertaking into the Company, effective from July 1, 2023 (the "Effective Date").

The transaction represents a common control transaction, as AHCL holds a controlling interest in AHL. The merger is accounted for using the predecessor method of accounting, whereby the assets and liabilities of the Demerged Undertaking are recognized in AHCL's financial statements at their historical carrying values.

The key features of the Scheme are as follows:

- AHL's business was bifurcated into two segments: the Demerged Undertaking, which was merged into AHCL, and the Retained Undertaking, which remains with AHL.
- The Demerged Undertaking consists of specific assets, liabilities, business operations, and contracts as defined under the Scheme. These were transferred to AHCL with effect from the start of business on 1 July 2023.
- In consideration for the Demerged Undertaking, AHCL issued 13.32 shares of Rs. 10 each, amounting to Rs. 133.22 million, to the remaining shareholders of AHL, other than AHCL, at a swap ratio of 0.8673 shares of AHCL for each ordinary share of AHL. No shares of AHL were cancelled as a result of the transaction.

## Accounting Treatment in Consolidated Financial Statements

The amalgamation of the Demerged Undertaking into AHCL has been accounted for as a common control transaction under the predecessor method of accounting. As a result:

- The assets and liabilities of the Demerged Undertaking were transferred to AHCL at their carrying amounts, as recorded in AHL's financial statements immediately prior to the transaction.
- No goodwill was recognized, and no fair value adjustments were made to the transferred assets and liabilities.

The following are balances transferred from AHL to AHCL as part of the Demerged Undertaking, based on AHL's audited financial statements as of 30 June 2023:

Assets	Amount (PKR)
<b>Non-current assets</b>	
Long-term investment	1,054,065,880
Investment property	404,249,014
Long-term advances and deposits	458,298,960
<b>Total non-current assets</b>	<b>1,916,613,854</b>
<b>Current assets</b>	
Short - term investment	2,727,024,239
Receivable against trading of securities - net	9,668,343
other receivables	1,158,146,785
<b>Total current assets</b>	<b>3,894,839,367</b>
<b>Total assets</b>	<b>5,811,453,221</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## Equities and Liabilities

### Equity

Revenue reserve - unappropriated profits	4,169,667,286
<b>Total Equity</b>	<b>4,169,667,286</b>

### Non-current liabilities

Deferred tax - net	72,113,469
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### Current liabilities

Short - term borrowings - secured	1,509,805,290
Trade and other payables	9,000,000
Accrued markup on short - term borrowings	50,867,176
<b>Total current liabilities</b>	<b>1,569,672,466</b>

### Total equity and liabilities

**5,811,453,221**

### Effect on Non-controlling interest (NCI)

Prior to the Scheme, the non-controlling interest (NCI) in AHL represented the portion of AHL's equity not owned by AHCL. Following the demerger, the NCI's share in AHL has been reduced proportionately to reflect its interest only in the Retained Undertaking of AHL. The issuance of shares by AHCL to the minority shareholders of AHL (i.e., shareholders other than AHCL) was treated as a transaction with equity holders and has been recorded directly in equity. Accordingly, 13.32 million shares to be issued by AHCL, valued at Rs. 10 per share, totaling Rs. 133.22 million, to the minority shareholders of AHL. This issuance was accounted for as an equity transaction. The difference between the net assets received and the shares issued has been adjusted within equity reserves.

- 1.1.2** Rayaan Commodities (Private) Limited (RCPL), (formerly Arif Habib Commodities (Private) Limited), was incorporated on 2 April 2012 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of RCPL is located at Arif Habib Centre, 23, M.T. Khan Road, Karachi. The principal activity of RCPL is to effectively manage investment portfolios in commodities. RCPL is a wholly owned subsidiary of Arif Habib Limited. RCPL holds license of Pakistan Mercantile Exchange (PMEX).
- 1.1.3** Sachal Energy Development (Private) Limited (SEDPL) was incorporated in Pakistan on 20 November 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). SEDPL's registered office is located at Plot no 1, Ranjha Plaza, sector F-10/2, Tariq Market, Islamabad, Pakistan. The principal activity of SEDPL upon commencement of commercial operation is to generate and sell electricity upto 49.5 MW. SEDPL has achieved Commercial Operation Date ("COD") for its 49.5 MW wind power generation facility on 11 April 2017. The wind power plant is located in Jhimpir, district Thatta, Sindh for which Alternative Energy Development Board ("AEDB") has allocated 680 acres of land to SEDPL under a sublease agreement.
- 1.1.4** Black Gold Power Limited (BGPL) is a public unlisted limited company, incorporated on 8 December 2016 in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). BGPL's registered office is situated at Arif Habib Centre, 23, M.T. Khan Road, Karachi. The principal activity of BGPL is to carry on all or any of the business of generating, purchasing, importing, transforming, converting, distributing, supplying, exporting and dealing in electricity and all other forms of energy products or services. BGPL holds coal allocation from Sindh Engro Coal Mining Company being developed at Thar Block II to be used for 660 MW Thar Coal based power project to be constructed, commissioned and operated at Thar Block II. BGPL has not carried out any significant commercial or business activity. During the year, there was no project development as tariff proposed is not desirable for BGPL. The current tariff offered is not attractive to BGPL and once the tariff is revised, BGPL will re-conduct the feasibility of project. Management believes that the project is doable and profitable under the revised conditions with the Government.

As at 30 June 2024, the BGPL has reported accumulated losses of Rs. 55.39 million (2023: Rs. 55.30 million) and its total liabilities exceeded its total assets by Rs. 5.39 million (2023: Rs. 5.30 million). BGPL is yet to start its operations and its management does not intend to liquidate, cease operations or wind up said company.



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

**1.1.5** Fatima Fertilizer Company Limited (FFCL) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and is listed on Pakistan Stock Exchange. Fatimafert Limited, Fatima Cement Limited, Fatima Packaging Limited and Pan-Africa Fertilizers Limited are wholly owned subsidiaries of the FFCL. Fatimafert Limited, Fatima Cement and Fatima Packaging Limited are incorporated in Pakistan under the Companies Act, 2017 and Pan Africa Fertilizers Limited is incorporated in Kenya. The principal activity of the FFCL and its subsidiaries is manufacturing, producing, buying, selling, importing and exporting fertilizers, chemicals, cement and polypropylene sacks, cloth, liner & bags. The registered office of the FFCL, Fatimafert Limited, Fatima Packaging Limited and Fatima Cement Limited is situated at E-110, Khayaban-e-Jinnah, Lahore Cantt, whereas the registered office of Pan Africa Fertilizers Limited is situated at Westlands District, Nairobi, Kenya. The manufacturing facilities of the FFCL are located at Mukhtargarh - Sadiqabad, Khanewal Road - Multan and Chichoki Mallian - Sheikhpura, Pakistan.

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

**1.1.6** Safe Mix Concrete Limited (SMCL) was incorporated on 04 April 2005 as a Private Limited Company. Subsequently, it was converted into Public Limited Company on 21 February 2007 in accordance with the provisions of section 45 read with section 41(3) of the Companies Ordinance, 1984 (now Companies Act, 2017). On 16 March 2010 SMCL was listed on Karachi Stock Exchange. The principal activity of SMCL is production and supply of ready mix concrete. Based on the shareholding percentage, it is classified as an associate.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

During the year, the Institute of Chartered Accountant of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum and final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) - 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the statement of financial position, the statement of changes in equity, the statement of cash flows and earning per share as a result of this change.

	For the year ended 30 June 2024			For the year ended 30 June 2023		
	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of changes in accounting policy	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of changes in accounting policy
	(Rupees)					
<b>For the year ended 30 June</b>						
Levies	-	(22,223,159)	(22,223,159)	-	(104,305,961)	(104,305,961)
Profit before income tax	10,324,447,452	(22,223,159)	10,302,224,293	5,497,779,853	(104,305,961)	5,393,473,892
Income tax expense	(1,810,739,843)	22,223,159	(1,788,516,684)	(1,683,949,670)	104,305,961	(1,579,643,709)

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

**2.1.2** Securities and Exchange Commission of Pakistan (SECP) vide its notification reference S.R.O. 986 (I) / 2019 dated 02 September 2019 has exempted all the companies that have executed their power purchase agreements before 1 July 2019 from the requirement of International Accounting Standards (IAS) 21 (Effect of changes in foreign exchange rates) to the extent of the capitalisation of exchange differences and in case of the capitalisation of exchange differences as mentioned above, recognising embedded derivative under IFRS 9 (Financial Instruments) is not permissible. Further, as per the SECP's S.R.O. 67 (I) / 2023 dated 20 January 2023, SECP has exempted applicability of IFRS 9 in respect of debts due from GoP to power generation companies for a limited period till 31 December 2024. Accordingly ECL on trade debts due from Central Power Purchasing Agency Guarantee Limited ("CPPA-G") and recoverable from CPPA-G, which is government owned entity has not been incorporated in these consolidated financial statements. Impact of ECL on financial assets of SEDPL not covered under exemption was not material and accordingly has not been included in these consolidated financial statements.

## **2.2 Basis of measurement**

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

## **2.3 Functional and presentation currency**

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

## **2.4 Use of judgments and estimates**

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

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

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

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

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

### **3.1 Standards and amendments to accounting and reporting standards that became effective during the year**

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Group's annual accounting period which began on 1 July 2023. However, these do not have any significant impact on the Group's financial reporting.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

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

There are standards and certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after 1 July 2024. However, these will not have any impact on the Group's financial reporting and, therefore, have not been disclosed in these consolidated financial statements.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

#### 4.1.1 Right-of-use assets

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

In respect of Sachal Energy Development (Private) Limited (SEDPL), a subsidiary company referred in note 1.1.3, on transition to IFRS 16, SEDPL elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 01 January 2019. The Securities and Exchange Commission of Pakistan (SECP) vide its notification dated 02 September 2019 has granted exemption from the requirement of IFRS 16 to extent the power purchase agreements were executed before 01 January 2019.

#### 4.1.2 Lease liabilities

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

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

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

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 4.2 Basis of consolidation and equity accounting

### 4.2.1 Business combination

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

### 4.2.2 Subsidiaries

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

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

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

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

The financial year of the Parent Company and its subsidiaries are the same and these financial statements are based on audited financial statements of subsidiaries.

### 4.2.3 Non-controlling interests

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

### 4.2.4 Equity accounted investees

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

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

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 4.2.5 Transactions eliminated on consolidation

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

## 4.3 Derivative financial instruments

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

## 4.4 Purchase / sale under resale / repurchase agreement

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

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

## 4.5 Staff retirement benefits

The Group operates following retirement and other benefit schemes:

### 4.5.1 Defined contribution plan

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

### 4.5.2 Gratuity

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

## 4.6 Taxation

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

### Current

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



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

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

## Levies

The tax charged under Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income, which is not adjustable against the future tax liability, is classified as levy in the statement of profit or loss and other comprehensive income as these levies fall under the scope of IFRIC 21 / IAS 37.

## Deferred

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

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

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

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

## 4.7 Property, plant and equipment

### Owned

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

Further as mentioned in note 2.1.2 to the financial statements, Securities and Exchange Commission of Pakistan have granted exemption from the requirements of International Accounting Standards (IAS - 21 effects of changes in Foreign Exchange Rates) to the extent of the capitalisation of exchange differences to all the companies that have executed their power purchase agreements before 1 July 2019. Accordingly the exchange loss incurred by the group (represented by the power purchase agreements executed before the above date) are also included in the cost of its plant and machinery (refer note 5.1 for details).

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

Depreciation on all operating fixed assets are charged to the consolidated statement of profit or loss using the straight line and reducing balance method over the asset's useful life at the rates specified in note 5.1. The depreciation is charged full in the month of acquisition and no depreciation is charged in the month of disposal. Gains or losses on disposal of an item of operating fixed assets are recognised in the consolidated statement of profit and loss. The assets' residual value and useful life are reviewed at each financial year end, and adjusted if appropriate.

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

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

## **Leased**

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

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

## **Major stores and spares (capital spares)**

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

## **4.8 Investment properties**

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

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

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

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

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

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 4.9 Intangible assets

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

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

### 4.9.1 Trading right entitlement certificate, membership card and offices

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

## 4.10 Discontinued operation

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

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

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

## 4.11 Assets held for sale

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

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

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

## 4.12 Trade and other receivables

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

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 4.13 Trade and other payables

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

## 4.14 Trade debts and receivables against margin financing

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

## 4.15 Borrowings

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

## 4.16 Share capital

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

## 4.17 Earnings per share

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

## 4.18 Revenue recognition

- Gain / loss on sale of investments are recognised in the statement of profit or loss on the date of transaction. All purchases and sales of securities that require delivery within the time frame established by the regulation or market conventions such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the financial assets.
- Brokerage, consultancy and advisory fee, etc. are recognised as and when such services are provided.
- Commission revenue arising from sales / purchase of securities on clients' behalf is recognized on the date of settlement of the transaction by the clearing house.
- Rental income from investment property is recognised on accrual basis.
- Dividend income is recognised when the Group's right to receive such dividend is established.
- Mark-up / interest income on bank deposits, loans, debt securities, exposure deposit and exposure against margin trading system is recognised on a time proportion basis that takes into account the effective yield.
- Put option fee is recognised on time proportion basis over the period of its tenor.
- Unrealised capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in consolidated statement of profit or loss for the period in which they arise.
- Guarantee commission is recognised in income over the period of the guarantee.
- Reverse repo income is recorded on an accrual basis over the period of the deal under the effective interest rate method.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

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

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

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

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

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

## 4.19 Provisions and contingencies

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

## 4.20 Financial instruments

### 4.20.1 Financial assets

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

#### 4.20.1.1 Classification

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

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

#### a) At amortised cost

The Group measures financial assets at amortised cost if the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 4.20.1.2. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

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

The Group measures financial assets at FVOCI, if the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment losses or reversals, recognised and measured as described in note 4.20.1.2, interest income and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit and loss account.

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

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

**d) Fair value through profit or loss (FVTPL)**

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

#### 4.20.1.2 Impairment

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

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

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

#### 4.20.1.3 Initial recognition

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

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 4.20.1.4 Derecognition

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

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

## 4.20.1.5 Business model

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

## 4.20.1.6 Solely payment of principal and interest

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

## 4.20.1.7 Reclassifications

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

## 4.20.1.8 Write-offs

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

## 4.20.1.9 Subsequent measurement

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

### a) Financial assets at fair value

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

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

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

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## b) Financial assets held at amortised cost

These are subsequently measured at amortised cost.

### 4.20.2 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 4.20.3 Financial liabilities

**4.20.3.1** Financial liabilities are recognised at the time the Group becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value less any directly attributable transaction cost. Financial liabilities are subsequently measured at amortised cost except for:

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

### 4.20.3.2 Derecognition

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

## 4.21 Impairment of non-financial assets

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

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

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

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

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

Impairment losses are recognised in statement of profit or loss.

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

## 4.22 Off balance sheet obligations

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

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 4.23 Foreign currency transaction and foreign operations

Foreign currency transactions are translated into Pakistan Rupees using the exchange rates prevailing at the date of the transactions. All the monetary assets and liabilities in foreign currencies, at the reporting date, are translated into Pakistan Rupees at the exchange rates prevailing on that date. Foreign exchange gains and losses on translation are recognised in the consolidated statement of profit or loss except in case of SEDPL, subsidiary company, which has availed the exemption as allowed by the SECP vide S.R.O 24(1)/2012 dated 16 January 2012 for the power sector companies, such gain or loss to be capitalized as part of plant which is departure from the requirement of International Accounting Standard (IAS) 21 'The Effects of Changes in Foreign Exchange Rates'.

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

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

## 4.24 Borrowing costs

Borrowing costs incurred on short term and long term borrowings are recognised as an expense in the period in which these are incurred, except that those which are directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of that asset.

## 4.25 Cash and cash equivalents

Cash and cash equivalent for the purpose of consolidated statement of cash flow comprises of cash in hand, share transfer stamps, banking instruments, cash at bank and running finance.

## 4.26 Other receivables

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

## 4.27 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. As per IFRS 8 'Operating Segment', Operating segment are reported in a manner consistent with the internal reporting used by the Chief Operating Decision Makers. All operating segments' results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance.

A business segment is a distinguishable component of the Group that is engaged in providing related product or services and which is subject to risks and rewards that are different from thereof other segments. The Group's primary reporting segment is based on business segments as the Group conduct its business in Pakistan only. Segment results that are reported to the Group's management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

## 4.28 Dividend and appropriation to reserve

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

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

	Note	2024 (Rupees)	2023
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	16,740,656,544	18,324,991,612
Right-of-use assets	5.2	122,000,335	2,279,669
		<b>16,862,656,879</b>	<b>18,327,271,281</b>

## 5.1 Operating fixed assets

	Leasehold buildings and improvements	Furniture, fixtures and fittings	Vehicles Owned	Plant and machinery	Office equipment	Computer and allied equipment	Total
	(Rupees)						

### COST

Balance as at 1 July 2023	205,945,624	20,993,018	68,630,401	23,584,032,345	11,429,393	78,584,264	23,969,615,045
Additions during the year	1,170,205	-	-	-	3,712,606	4,997,959	9,880,770
Disposals	-	-	-	-	(864,000)	-	(864,000)
Exchange gain	-	-	-	(245,500,000)	-	-	(245,500,000)
<b>Balance as at 30 June 2024</b>	<b>207,115,829</b>	<b>20,993,018</b>	<b>68,630,401</b>	<b>23,338,532,345</b>	<b>14,277,999</b>	<b>83,582,223</b>	<b>23,733,131,815</b>

### DEPRECIATION

Balance as at 1 July 2023	163,574,622	8,022,443	48,911,116	5,362,228,382	5,462,339	56,424,531	5,644,623,433
Charge for the year	6,487,297	1,951,505	3,943,859	1,326,073,736	1,184,824	8,452,029	1,348,093,250
Disposals / transfers	-	-	-	-	(241,412)	-	(241,412)
<b>Balance as at 30 June 2024</b>	<b>170,061,919</b>	<b>9,973,948</b>	<b>52,854,975</b>	<b>6,688,302,118</b>	<b>6,405,751</b>	<b>64,876,560</b>	<b>6,992,475,271</b>
<b>Written down value as at 30 June 2024</b>	<b>37,053,910</b>	<b>11,019,070</b>	<b>15,775,426</b>	<b>16,650,230,227</b>	<b>7,872,248</b>	<b>18,705,663</b>	<b>16,740,656,544</b>

### COST

Balance as at 1 July 2022	202,708,984	20,998,950	68,693,901	19,787,832,345	11,080,168	74,504,831	20,165,819,179
Additions during the year	3,236,640	90,233	-	-	349,225	4,289,407	7,965,505
Disposals	-	(96,165)	(63,500)	-	-	(209,974)	(369,639)
Exchange loss	-	-	-	3,796,200,000	-	-	3,796,200,000
<b>Balance as at 30 June 2023</b>	<b>205,945,624</b>	<b>20,993,018</b>	<b>68,630,401</b>	<b>23,584,032,345</b>	<b>11,429,393</b>	<b>78,584,264</b>	<b>23,969,615,045</b>

### DEPRECIATION

Balance as at 1 July 2022	156,525,758	5,761,673	44,023,552	4,281,023,895	4,370,588	46,374,318	4,538,079,784
Charge for the year	7,048,864	2,315,930	4,933,363	1,081,204,487	1,091,751	10,137,000	1,106,731,395
Disposals / transfers	-	(55,160)	(45,799)	-	-	(86,787)	(187,746)
<b>Balance as at 30 June 2023</b>	<b>163,574,622</b>	<b>8,022,443</b>	<b>48,911,116</b>	<b>5,362,228,382</b>	<b>5,462,339</b>	<b>56,424,531</b>	<b>5,644,623,433</b>
<b>Written down value as at 30 June 2023</b>	<b>42,371,002</b>	<b>12,970,575</b>	<b>19,719,285</b>	<b>18,221,803,963</b>	<b>5,967,054</b>	<b>22,159,733</b>	<b>18,324,991,612</b>

Rates of depreciation (%)

5 - 15	10 - 15	20	5 - 6.76	15 - 20	33
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# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

- 5.1.1** Carrying value of plant and machinery at 30 June 2024 includes foreign exchange loss of Rs. 8.7 billion (2023: Rs. 9.65 billion). Exchange gain of Rs. 0.245 billion (2023: exchange loss of Rs. 3.80 billion) have been recorded in the carrying value of plant and machinery in the current year. The exchange difference has been included in the carrying value of plant machinery in view of the exemption available vide SECP's notification reference SRO 980(1)/2019 of 02 September 2019 under which all companies that have executed their power purchase agreements before 01 January 2019 are entitled to that exemption.

5.2 Right-of-use assets	2024	2023
	(Rupees)	
<b>Cost</b>		
Balance as at 1 July	141,407,662	144,672,076
Additions during the year	158,759,746	-
Disposals during the year	-	(3,264,414)
Effect of lease modification	4,241,120	-
<b>Balance as at 30 June</b>	<b>304,408,528</b>	<b>141,407,662</b>
<b>Depreciation</b>		
Balance as at 1 July	139,127,993	101,791,912
Charge for the year	43,280,200	39,459,132
Disposals during the year	-	(2,123,051)
<b>Balance as at 30 June</b>	<b>182,408,193</b>	<b>139,127,993</b>
<b>Written down value as at 30 June</b>	<b>122,000,335</b>	<b>2,279,669</b>
Rates of depreciation (%)	<b>20 - 33</b>	<b>20 - 33</b>

- 5.2.1** The Group has multiple lease arrangements for its office building and regional offices in multiple cities across Pakistan.

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

	Note	2024	2023
		(Rupees)	
Cost of energy sales	36	1,326,073,736	1,081,204,487
Administrative expenses	37	65,360,934	64,986,040
		<b>1,391,434,670</b>	<b>1,146,190,527</b>

## 6. INTANGIBLE ASSETS

### Computer Software

#### Cost

Balance as at 1 July	10,273,911	10,273,911
Additions during the year	-	-
<b>Balance as at 30 June</b>	<b>10,273,911</b>	<b>10,273,911</b>

#### Amortisation

Opening balance	8,861,670	8,332,426
Amortisation for the year	433,647	529,244
<b>Balance as at 30 June</b>	<b>9,295,317</b>	<b>8,861,670</b>

<b>Written down value as at 30 June</b>	<b>978,594</b>	<b>1,412,241</b>
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Rates of amortisation (%)	<b>25 - 33</b>	<b>25 - 33</b>
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- 6.1** Intangible assets comprise of windows license and computer software.

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

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 7. GOODWILL

Goodwill is monitored by the management at individual entity level which are considered cash generating units. The carrying amount of goodwill allocated to the individual cash generating units (CGUs) is as follows:

	Note	2024 (Rupees)	2023
Arif Habib Limited	7.1	838,683,576	838,683,576
Sachal Energy Development (Private) Limited	7.2	71,522,541	71,522,541
		<b>910,206,117</b>	<b>910,206,117</b>

### 7.1 Impairment testing of Goodwill relating to Arif Habib Limited (AHL)

The calculation of recoverable amount of Goodwill for the purpose of impairment testing was based on value in use, estimated using discounted cash flows. Key assumptions used in determining the value in use calculation were as follows:

Type	Date of valuation	Valuation approach and assumptions	Inter-relationship between significant unobservable Inputs and fair value measurement
Subsidiary - Arif Habib Limited	30 June 2024	<p>Free cash flows:</p> <p>The valuation model considers the present value of free cash flow of subsidiary company discounted using a risk-adjusted discount rate.</p> <p>The cash flow projection include specific estimates for 5 years</p> <p>Inputs used: Long term growth rate Long term return on equity</p>	<p>The estimated fair value would increase / (decrease) if:</p> <ul style="list-style-type: none"> <li>- the annual growth rate were higher or lower</li> <li>- the EBITDA margin were higher or lower</li> </ul> <p>Generally, a change in the annual growth rate is accompanied by a directionally similar change in EBITDA margin.</p> <p>5% 19.29%</p>

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

Date of valuation	Valuation approach and assumptions	Inter-relationship between significant unobservable Inputs and fair value measurement
30 June 2024	<p>The recoverable amount of the business operations of SEDPL (cash generating unit) have been determined by dividend discount model which is a quantitative method used for predicting the price of a company's stock based on the theory that its present-day price is worth the sum of all of its future dividend payments when discounted back to their present value covering period from 2024 to 2037. The calculation of 'dividend discount model' for the business operations is most sensitive to the following assumptions:</p> <ul style="list-style-type: none"> <li>(i) Revenue have been derived from the tariff fixed by regulatory authority.</li> <li>(ii) Cost of supply of power has been projected on the basis of multiple strategies planned by management to ensure profitable operations.</li> <li>(iii) Financial cost has been projected based on the financing arrangement made by SEDPL.</li> </ul> <p>Inputs used: Cost of equity Increase in foreign exchange rate (USD/PKR)</p>	<p>The estimated fair value would increase / (decrease) if:</p> <ul style="list-style-type: none"> <li>- the cost of equity were higher or lower</li> <li>- the USD/PKR rate were higher or lower</li> </ul> <p>18.90% 5%</p>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

8.	TRADING RIGHT ENTITLEMENT CERTIFICATE AND OFFICES CARDS	Note	2024 (Rupees)	2023
	<b>Trading right entitlement certificate (TREC)</b>			
	Cost		26,000,000	26,000,000
	Impairment		(23,500,000)	(23,500,000)
		8.1 & 8.2	2,500,000	2,500,000
	<b>Membership cards</b>			
	- Pakistan Mercantile Exchange Limited		1,000,000	1,000,000
	<b>Booths</b>			
	- Pakistan Stock Exchange Limited - three booths		2,100,000	2,100,000
			<u>5,600,000</u>	<u>5,600,000</u>
8.1	This represents TREC received by Arif Habib Limited, a Subsidiary Company in accordance with the Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012 as amended by the Stock Exchanges (Corporatization, Demutualization and Integration) (Amendment) Act, 2015. These are carried at cost less impairment.			
8.2	PSX vide notice no. PSX/N-225 dated 16 February 2021 have notified the notional fees of Trading Right Entitlement Certificates which amounts to Rs. 2.5 million.			
9.	INVESTMENT PROPERTIES	Note	2024 (Rupees)	2023
	Open plots of land / offices - at fair value	9.1	207,900,000	202,000,000
			<u>207,900,000</u>	<u>202,000,000</u>
9.1	<b>Open plots of land / offices - at fair value</b>			
	Opening carrying amount (at fair value)		202,000,000	1,576,836,333
	Development charges incurred during the year (subsequent expenditure)		-	12,957,220
			202,000,000	1,589,793,553
	<b>Disposal during the year:</b>			
	Sale proceeds during the year	9.1.2	(7,500,000)	(1,632,575,000)
	Realized gain on disposal - net		749,029	1,261,550,827
	Less: Reversal of unrealized gain upon sale	9.1.4	(749,029)	(1,270,875,827)
			(7,500,000)	(1,641,900,000)
			194,500,000	(52,106,447)
	Fair value gain on remeasurement	9.1.4	13,400,000	254,106,447
	<b>Closing carrying amount</b>	9.1.3	<u>207,900,000</u>	<u>202,000,000</u>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

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

Open plots of land: 8 residential plots aggregating to 1350 square yards in Block A and C 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 situated in the Lahore Stock Exchange - South Tower.

## 9.1.2 During the year, AHL sold office no. 203 & 314 situated in the Lahore Stock Exchange - South Tower at sale consideration of Rs. 7.5 million.

## 9.1.3 The valuation of the investment property was carried out by an independent external property valuer having appropriate recognised qualification and relevant experience according to which the aggregate fair value and forced sale value of the properties are stated below:

	Fair Value		Forced Sale Value	
	2024	2023	2024	2023
	(Rupees)			
<b>At fair value</b>				
Residential plots	169,000,000	155,500,000	135,200,000	124,400,000
Offices	12,900,000	20,500,000	10,965,000	17,425,000
<b>At committed sale price</b>				
Committed to sale office	26,000,000	26,000,000	N/A	N/A
	<b>207,900,000</b>	<b>202,000,000</b>	<b>146,165,000</b>	<b>141,825,000</b>

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

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

	2024	2023
	(Rupees)	
increase in fair value of open plot / offices held at year end	13,400,000	254,106,447
Less: Decrease in unrealized gain upon sale	(749,029)	(1,270,875,827)
	<b>12,650,971</b>	<b>(1,016,769,380)</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

10. EQUITY ACCOUNTED INVESTEES	Note	2024 (Rupees)	2023
Fatima Fertilizer Company Limited (FFCL)	10.1 & 10.2.1	19,356,207,950	16,042,756,743
Safemix Concrete Limited (SMCL)	10.2.2	172,615,081	-
		<b>19,528,823,031</b>	<b>16,042,756,743</b>

**10.1** Investment in FFCL represents 15.19% (2023: 15.19%) of FFCL's paid up share capital as at 30 June 2024. These include 287,500,000 shares (2023: 285,050,000 shares) having market value of Rs. 14,840.75 million (2023: Rs. 8,497.3 million), which has been pledged with the commercial banks as a security against the Group's borrowings. Market value per share as at 30 June 2024 is Rs. 51.62 (2023: Rs. 29.81).

**10.2** Movement of investment in associates is as follows:

10.2.1 Fatima Fertilizer Company Limited (FFCL)	2024 (Rupees)	2023
Balance as at July 01	16,042,756,743	15,143,342,092
Group's share of total comprehensive income	4,748,952,134	2,015,915,372
Dividend received	(1,435,500,927)	(1,116,500,721)
Balance as at 30 June	<b>19,356,207,950</b>	<b>16,042,756,743</b>

10.2.2 Safemix Concrete Limited (SMCL)	2024 (Rupees)	2023
Balance as at 1 July	-	-
Investment acquired during the year	167,735,083	-
Group's share of total comprehensive income	4,879,998	-
Dividend received	-	-
Balance as at 30 June	<b>172,615,081</b>	-

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



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

	2024		2023	
	Fatima Fertilizer Company Limited	Safemix Concrete Limited	Fatima Fertilizer Company Limited	Safemix Concrete Limited
----- (Rupees) -----				
<b>Summarised balance sheet</b>				
Non-current assets	123,531,681	324,214	128,150,311	-
Current assets	132,922,699	481,414	101,044,789	-
Non-current liabilities	37,736,911	86,301	40,943,852	-
Current liabilities	91,294,236	336,933	82,637,312	-
Net assets	127,423,233	382,394	105,613,936	-
<b>Reconciliation to carrying amounts:</b>				
Opening net assets	105,613,936	274,295	99,692,838	-
Profit for the period	31,357,817	111,606	13,323,675	-
Other comprehensive income	(98,520)	(3,507)	(52,577)	-
Dividends paid	(9,450,000)	-	(7,350,000)	-
Closing net assets	127,423,233	382,394	105,613,936	-
Parent's share in %	15.19%	32.40%	15.19%	0.00%
Proportionate share of Net Assets	19,356,208	123,885	16,042,757	-
Goodwill	-	48,730	-	-
	19,356,208	172,615	16,042,757	-
<b>Summarised statement of comprehensive income</b>				
Revenue	258,531,903	1,262,480	182,729,869	-
Profit for the period	31,357,817	111,606	13,323,675	-
Other comprehensive income	(98,520)	(3,507)	(52,577)	-
Total comprehensive income	31,259,297	108,099	13,271,098	-
Dividends received from associates	1,435,501	-	1,116,501	-

	2024	2023
(Rupees)		
<b>10.4 Group's share of total comprehensive income in equity accounted investee</b>		
Fatima Fertilizer Company Limited (FFCL)	4,748,952,134	2,015,915,372
Safemix Concrete Limited (SMCL)	4,879,998	-
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	-	74,245,743
	4,753,832,132	2,090,161,115
Add: other comprehensive loss	15,123,971	7,986,446
Taken to statement of profit or loss	4,768,956,103	2,098,147,561

10.5 Financial statements of FFCL and SMCL have been audited by their independent auditors.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

Note  
2024  
2023  
(Rupees)

## 11. OTHER LONG TERM INVESTMENTS

Equity securities - at FVOCI	11.1	-	-
Equity securities - designated at FVTPL	11.2	30,461,607	31,188,188
Debt instruments - at FVTPL	11.3	4,004,152,921	3,802,300,041
Debt instrument - at amortised cost	11.4	798,161,476	686,714,948
		<u>4,832,776,004</u>	<u>4,520,203,17</u>

### 11.1 Equity securities - at FVOCI

	Note	Cost	Appreciation / (diminution) on remeasurement of investments	Carrying Amount	
				2024	2023
----- (Rupees) -----					
<b>Unquoted entities</b>					
Sun Biz (Private) Limited (SBL) 10,000 (2023: 10,000) fully paid ordinary shares of Rs. 100 each	11.1.1	1,000,000	(1,000,000)	-	-
Al-Khabeer Financial Services 5000 (2023: 5000) fully paid ordinary shares of Rs. 100 each	11.1.1	5,000,000	(5,000,000)	-	-
		<u>6,000,000</u>	<u>(6,000,000)</u>	<u>-</u>	<u>-</u>

11.1.1 Investment in SBL (unquoted) and AKFS (unquoted) by Parent Company were fully impaired in previous years, these investments were reassessed by the management on initial application of IFRS-9 and based on the available information it was concluded that the fair value does not differ materially from carrying amount as at 30 June 2023.

### 11.2 Equity securities - designated at FVTPL

#### Unquoted entities

ISE Towers REIT Management Company Limited

Note  
2024  
2023  
(Rupees)

11.2.1 24,850,127 22,181,370

#### Quoted entities

LSE Capital Limited

11.2.2 765,317 1,421,528

LSE Ventures Limited

11.2.2 4,846,163 7,585,290

30,461,607 31,188,188

11.2.1 This represents AHL's investment in 3,034,604 (2023: 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:

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

	2024 (Rupees)	2023
Cost of investment	33,380,639	33,380,639
<b>Unrealised loss:</b>		
Balance as at 1 July	(11,199,269)	(5,887,136)
Unrealised gain / (loss) for the year	2,668,757	(5,312,133)
	(8,530,512)	(11,199,269)
Balance as at 30 June	24,850,127	22,181,370

AHL as per its policy, carried out the valuation of the above investment. In this connection, the valuation technique used by the AHL 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:

	2024	2023
Long term growth rate	5.00%	5.00%
Cost of equity	17.50%	17.50%
Projection period	5	5
Value per share (Rs.)	8.19	7.31
Valuation technique used	Discounted Free Cash Flow to Equity	Discounted Free Cash Flow to Equity

11.2.2 During the year, M/s LSE Proptech Limited merged into M/s. Modaraba Al-Mali, to become M/s. LSE Capital Limited and AHL received 245,295 of M/s. LSE Capital Limited, as per the merger scheme against 295,536 quoted ordinary shares of LSE Proptech Limited. The said new shares have been measured at their fair value (i.e. quoted price) at the reporting date, along with 842,811 quoted ordinary shares of LSE Ventures Limited.

## 11.3 Debt instruments - at FVTPL

	Note	Cost	Appreciation on remeasurement of investments	Carrying amount (at fair value)	
				2024	2023
----- (Rupees) -----					
<b>Quoted entity</b>					
<b>Globe Residency REIT (GRR)</b>					
89,332,023 (2023: 77,255,802)					
Units of Rs. 10 each	11.3.1	902,112,509	303,869,801	1,205,982,310	1,060,722,161
<b>Unquoted entities</b>					
<b>Silk Islamic Development REIT (SIDR)</b>					
60,000,000 (2023: 60,000,000)					
Units of Rs. 10 each	11.3.2	600,000,000	259,200,000	859,200,000	941,400,000
<b>Naya Nazimabad Apartment REIT (NNAR)</b>					
76,375,000 (2023: 76,375,000)					
Units of Rs. 10 each	11.3.3	763,750,000	162,797,262	926,547,262	1,172,552,880
<b>Rahat Residency REIT (RRR)</b>					
50,000,000 (2023: 50,000,000)					
units of Rs. 10 each	11.3.4	500,000,000	87,877,567	587,877,567	627,625,000
<b>Signature Residency REIT (SRR)</b>					
13,329,896 (2023: Nil)					
units of Rs. 10 each	11.3.5	133,298,960	1,122,726	134,421,686	-
<b>Musharika Arrangment</b>					
	11.3.6	273,400,000	16,724,096	290,124,096	-
		<b>3,172,561,469</b>	<b>831,591,452</b>	<b>4,004,152,921</b>	<b>3,802,300,041</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

- 11.3.1** This represents 89.33 million units held in a listed, closed-end, limited life, developmental REIT scheme which constitutes 63.80% of the total 140 million units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Limited - a related party and Central Depository Company of Pakistan Limited is its trustee. The market value per share as at 30 June 2024 is Rs. 13.50 (2023: Rs. 13.73).
- 11.3.2** This represents 60 million units held by Parent Company in a privately placed, closed-end, limited life, shariah compliant, developmental REIT scheme which constitutes 20% of the total 300 million units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Limited - a related party and Central Depository Company of Pakistan Limited is its trustee. For details regarding assumptions used in valuation of SIDR refer to note 48.1. The company being strategic investor of SIDR has 25% of its subscribed units in an account marked as 'blocked' with the Central Depository Company as required by the Real Estate Investment Trust Regulations, 2022.
- 11.3.3** This represents 76.375 million units held by Parent Company in a privately placed, closed-end, limited life, shariah compliant, developmental REIT scheme which constitutes 26% of the total 293.75 million units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Limited - a related party and Central Depository Company of Pakistan Limited as its trustee. For details regarding assumptions used in valuation of NNAR refer to note 48.1.
- 11.3.4** This represents 50 million units held by Parent Company 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 Limited - a related party and Central Depository Company of Pakistan Limited as its trustee. For details regarding assumptions used in valuation of RRR refer to note 48.1.
- 11.3.5** This represents 13.3 million units held by Parent Company in a privately placed, closed-end, limited life, shariah compliant, developmental REIT scheme which constitutes 40.39% of the total 33 million units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Limited - a related party and Central Depository Company of Pakistan Limited as its trustee. For details regarding assumptions used in valuation of SRR refer to note 48.1.
- 11.3.6** On 4 October 2023, Parent Company entered into a Musharaka Agreement with Javedan Corporation Limited ("JCL"), a related party and other Musharaka participants, whereby the Parent Company invested Rs. 273.40 million in the Globe Residency REIT project. The Musharaka arrangement is structured as a participation in a joint investment, where the Parent Company holds a 65.10% share of the Musharaka capital. The purpose of this investment is to fund the booking, ownership, management, and eventual sale of apartments in the Globe Residency REIT. The fair value of the investment is Rs. 290.12 million. The fair value is categorized as a Level 3 fair value measurement, as it involves significant unobservable inputs, including estimates of the future sale prices of the apartments in the REIT.

**11.3.7 Debt instrument - at amortized cost**

	Fair value at initial recognition	Unwinding of interest income	Carrying amount	
			2024	2023
----- (Rupees) -----				
<b>Unquoted entity</b>				
Fatima Fertilizer Company Limited (FFCL) - redeemable class A shares	591,315,343	206,846,133	798,161,476	686,714,948
	<u>591,315,343</u>	<u>206,846,133</u>	<u>798,161,476</u>	<u>686,714,948</u>

**12. LONG TERM LOAN TO RELATED PARTY**

**At amortised cost Secured - considered good**

	Note	2024	2023
		(Rupees)	
Aisha Steel Mills Limited a related party		78,103,657	106,537,149
Less: current portion of long term loan	15	(28,433,492)	(28,433,492)
		<u>49,670,165</u>	<u>78,103,657</u>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

**12.1** This represents long term loan secured against first charge on all present and future fixed assets, accounts receivables and interest in any insurance claim and equitable mortgage of land and building. The mark-up rate in the said loan is 6-month KIBOR plus 3.25% per annum (2023: 6-months KIBOR plus 3.25% per annum). The rate of mark-up on the loan during the year ranged between 24.74% to 26.22% (2023: 18.60% to 20.29%) per annum. Mark-up is payable on a semi-annual basis.

**12.2** The maximum amount outstanding from the above related party at end of any month during the year was Rs.92.32 million (2023: Rs.120.75 million).

<b>13. LONG TERM ADVANCES, DEPOSITS AND OTHER RECEIVABLES</b>	Note	2024	2023
		(Rupees)	
<b>Advance against equity</b>			
- Rahat Residency REIT		-	325,000,000
- Signature Residency REIT	11.3.5	-	133,298,960
- Neem Exponential Technology Pte. Limited"	13.1	<b>37,000,000</b>	37,000,000
		<b>37,000,000</b>	495,298,960
<b>Deposits - unsecured</b>			
- Pakistan Stock Exchange Limited		500,461	700,461
- National Clearing Company of Pakistan Limited		1,500,000	1,250,000
- Pakistan Mercantile Exchange		8,900,001	9,007,205
- Other deposits		1,169,501	1,284,736
		<b>12,069,963</b>	12,242,402
<b>Other receivable - secured</b>			
- Receivable from employees against leased vehicles"	13.2	5,530,788	5,530,788
- Receivable from employees against insurance"	13.3	1,773,960	-
		<b>56,374,711</b>	513,072,150

**13.1** During the year ended 30 June 2024, AHL gave advance against purchase of preference shares of Neem Exponential Technology Pte. Limited (company registered in Singapore) amounting to Rs. 37,000,000 (\$180,000) under the SAFE (Simple agreement for future equity). It is expected that the preference share will be issued in December 2024.

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

**13.3** This represents amount paid for the parental insurance of employees of AHL which will be recoverable at the time of their retirement and secured against their retirement benefits.

<b>14. TRADE DEBTS</b>	Note	2024	2023
		(Rupees)	
<b>Trade debts</b>			
- secured	14.1	5,310,089,740	4,520,125,685
- unsecured	14.2	1,297,503,901	1,209,288,306
		<b>6,607,593,641</b>	5,729,413,991
Less: Provision for expected credit losses	14.3	<b>(962,260,122)</b>	(949,633,030)
		<b>5,645,333,519</b>	4,779,780,961
<b>Unbilled receivable</b>			
Regular energy		30,406,577	41,195,999
Shortfall energy		18,303,949	14,053,857
Bonus energy		11,105,839	11,105,839
Delayed payment		61,836,995	51,765,697
		<b>121,653,360</b>	118,121,392
		<b>5,766,986,879</b>	4,897,902,353



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

- 14.1 This represents trade debts of SEDPL, subsidiary company, due from Central Power Purchasing Agency (CPPA-G) which are secured by a guarantee from the Government of Pakistan (GoP) under the Implementation Agreement (IA) dated 11 August 2014. As referred in note 2.1.2, SECP has exempted the applicability of expected credit loss allowance on trade debts due directly / ultimately from GoP. Further, these are subject to mark-up on delay payments under EPA dated 27 February 2014 at the rate of 3 month KIBOR plus 4.5% per annum.

	2024	2023
Age analysis of the above debts are as follows:	(Rupees)	
Not yet due	1,928,089,090	1,749,734,317
Past due		
0- 30 days	904,304,918	536,620,943
31 - 60 days	362,425,421	294,173,052
61 - 90 days	272,361,198	242,468,881
Above 90 days	1,842,909,113	1,697,128,492
	<u>5,310,089,740</u>	<u>4,520,125,685</u>

These trade debts includes amount of Rs. 525.4 million at 30 June 2024 (2023 : Rs 318.951 million) invoiced on account of NPMV which has been disallowed by CPPA-G due to revised mechanism for NPMV calculation in draft Operating Procedures. The Operating Procedures are under discussion between SEDPL and CPPA-G are yet to be finalized. SEDPL believes that the submitted invoices are in accordance with the EPA and the disallowed units will be allowed under NPMV or compensated in the form of shortfall energy and there will be no impact on recognized revenue. Therefore, no provision has been made in these consolidated financial statements in this respect.

	Note	2024	2023
		(Rupees)	
14.2 Unsecured - receivable			
Equity brokerage	14.2.1	1,154,443,669	1,071,723,071
Inter bank brokerage		33,566,485	27,816,750
Advisory and consultancy fee		109,493,747	109,748,485
		<u>1,297,503,901</u>	<u>1,209,288,306</u>

- 14.2.1 These receivables include Rs.10.38 million (2023: Rs. 0.90 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. 15.74 million (2023: Rs. 275.32 million).

- 14.2.2 AHL holds capital securities having fair value of Rs. 146,942 million (2023: Rs. 75,027 million) owned by its clients, as collaterals against trade debts.

	2024	2023
Movement in provision for expected credit losses:	(Rupees)	
Balance as at 1 July	949,633,030	932,575,082
Charge for the year	12,627,092	24,688,276
Reversal during the year	-	(7,630,328)
Balance as at 30 June	<u>962,260,122</u>	<u>949,633,030</u>

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

- 14.4 Refer note 47.1 for the age analysis of total trade debts.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

15. LOANS AND ADVANCES considered good At amortised cost	Note	2024 (Rupees)	2023
<b>Unsecured</b>			
Advance:			
- for expenses		4,054,489	3,909,533
- to consultant	15.1	99,760	1,243,760
		<b>4,154,249</b>	<b>5,153,293</b>
<b>Secured</b>			
Advances / loan to employees	15.2	5,372,826	2,373,309
Advance against property	15.3	971,310,189	290,087,439
<b>Advance for investment in</b>			
Park View Apartment REIT	15.4	1,262,136,440	-
Gymkhana Apartment REIT	15.5	1,200,000,000	-
Silk Islamic Development REIT (SIDR)	15.6	100,000,000	-
Pakistan Corporate CBD REIT	15.8	279,026,250	279,026,250
		<b>3,817,845,705</b>	<b>571,486,998</b>
<b>Loans to related parties:</b>			
Aisha Steel Mills Limited (ASML) - current portion	12 & 15.9	28,433,492	28,433,492
Globe Residency REIT		38,170,720	-
Javedan Corporation Limited	15.7 & 15.9	200,000,000	966,250,000
Fatima Fertilizer Company Limited		-	813,153,536
		<b>266,604,212</b>	<b>1,807,837,028</b>
		<b>4,088,604,166</b>	<b>2,384,477,319</b>

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

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

15.3 This includes Rs. 630 million paid to Mr. Arif Habib for acquisition of his proportionate interest in 142 apartments located in the Globe Residency REIT (GRR) residential project also Rs. 67.37 million paid to GRR under the installment plan for the apartments, which are still under development.

AHL also entered into an arrangement with GRR, authorizing GRR to market the apartments on its behalf and collect the sales proceeds. According to the agreement, the proceeds from the sale, net of expenses, will first be applied to settle AHL's outstanding installment obligations. Any surplus proceeds will be retained by GRR until the project's completion, with a quarterly markup of KIBOR + 1.50% payable to AHL in arrears.

As of 30 June 2024, GRR has collected Rs. 84.11 million from customers on behalf of AHL. Out of this, Rs. 30.10 million has been applied towards AHL's due installments, and Rs. 15.84 million has been deducted as selling expenses. The remaining Rs. 38.17 million has been treated as a working capital loan, which bears interest and will be adjusted upon the project's completion.

15.4 This represents an advance payment made by Parent Company for the issuance of 126,213,527 units having a par value of Rs. 10 per unit, accounting for 58.52% ownership in a limited-life, Shariah-compliant developmental REIT Scheme. The Scheme, managed by Arif Habib Dolmen REIT Management Limited, a related party, has recently acquired a real estate land parcel (FL-01 and FL-02) measuring 23,049 square yards in Naya Nazimabad, Karachi, with the aim of constructing and subsequently selling apartments. Units corresponding to this advance have been issued subsequent to year end.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

- 15.5 This represents an advance payment made by Parent Company for the issuance of 120,000,000 units having a par value of Rs. 10 per unit, accounting for 100% ownership in a limited-life, Shariah-compliant developmental REIT Scheme. The Scheme, managed by Arif Habib Dolmen REIT Management Limited, a related party, has recently acquired a real estate land parcel (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) measuring 29,818 square yards in Naya Nazimabad, Karachi, with the aim of constructing and subsequently selling apartments. Units corresponding to this advance have been issued subsequent to year end.
- 15.6 This represents advance made by Parent Company in Musharaka arrangement with SIDR, REIT Fund management by AHDRML, a related party. This investment carries a fixed return of KIBOR + 200 basis points per annum which is accrued and recognized over time using the effective interest rate. Upon the expiration of the Musharaka tenor, the Parent Company has the option to convert the outstanding Musharaka investment into units of the SIDR.
- 15.7 The Parent Company entered into a loan agreement with Javedan Corporation Limited, a related party. The loan outstanding at 30 June 2024 is Rs. 200 million (2023: Rs. 614.25 million). The loan is repayable within 30 business days of notice of demand. The mark-up rate on the said loan is 3 month KIBOR + 1.80% per annum. Mark-up is payable on quarterly basis. The rate of mark-up on the loan during the year ranged between 23.79% to 24.70% per annum (2023: 19% to 23.88%).
- 15.8 This represents advance paid for equity investment by Parent Company in a shariah compliant development REIT scheme (Scheme). The Scheme is managed by Arif Habib Dolmen REIT Management Limited (RMC) - a related party. The Scheme has acquired two immovable properties from the Lahore Central Business District Development Authority against the agreed consideration payable as per the payment plan.
- 15.9 The carrying values of the loans and advances are neither past due nor impaired. The maximum amount outstanding from related parties in respect of loans and advances at end of any month during the year was Rs. 2,553.10 million (2023: Rs. 2,957.85 million).

16. DEPOSITS AND PREPAYMENTS	Note	2024 (Rupees)	2023
Deposits		5,473,199	1,068,199
Prepayments	16.1	112,785,119	101,219,554
Marginal trading system - exposure deposits	16.2	180,998,768	34,076,976
Others		4,980,280	1,976,370
		<b>304,237,366</b>	<b>138,341,099</b>

- 16.1 This amount includes prepayments on account of operational insurance made by SEDPL, subsidiary company, amounting to Rs. 101.2 million (2023: Rs. 96.7 million).
- 16.2 This represent amounts of deposits held at the year end against exposure arising out of the trading in securities by AHL and RCPL, subsidiary companies, in accordance with the regulations of National Clearing Company of Pakistan Limited.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

17. ACCRUED MARK-UP AND OTHER RECEIVABLES	Note	2024 (Rupees)	2023
<b>Mark-up receivable</b>			
<b>From related parties:</b>			
- Aisha Steel Mills Limited		46,264,840	71,242,617
- Javedan Corporation Limited	15.7	10,558,850	30,690,166
- Globe Residency REIT		1,455,228	-
- Fatima Fertilizer Company Limited		-	86,227,246
- Silk Islamic Development REIT		19,001,370	-
	17.1	77,280,288	188,160,029
Others	17.2	5,790,527	31,423,881
		83,070,815	219,583,910
Receivable against margin financing	17.3	117,387,003	113,367,759
Less: allowance for impairment		-	-
		117,387,003	113,367,759
<b>Guarantee commission receivable</b>			
Aisha Steel Mills Limited	17.4	283,284	367,944
Power Cement Limited		211,920	239,470
		495,204	607,414
<b>Other receivables</b>			
Recoverable from CPPA-G	17.5	178,029,166	115,046,271
Receivable against reverse repo arrangements		190,940,196	108,796,620
Receivable against trading of securities - net		-	77,192,508
Receivable against sale of investment property	17.6	651,630,000	809,201,734
Others		11,779,978	5,961,342
		1,032,379,340	1,116,198,475
		1,233,332,362	1,449,757,558

17.1 The maximum amount due from related parties in respect of mark-up receivable as at the end of any month during the year was Rs. 147.52 million (2023: Rs.188.16 million). Further, the said receivable from related parties are on account of loans provided to them which are current and not past due.

17.2 This includes accrued markup due on margin financing amounting to Rs. 4.52 million (2023: Rs. 21.53 million).

17.3 Margin financing facility is provided to clients by AHL on markup basis ranging from 25.00% to 29.50% (2023: 15.00% to 28.50%) per annum.

17.4 The maximum amount due from related party in respect of guarantee commission as at the end of any month during the year was Rs. 0.5 million (2023: Rs. 0.61 million).

17.5 This represents WPPF paid by SEDPL, subsidiary company and invoiced to CPPA-G being pass-through item as per the terms of EPA based on discussions with CPPA-G. WPPF being pass-through item has no impact on consolidated statement of profit or loss.

17.6 This represents receivable from Rahat Residency REIT on account of sale of 5 commercial plots located at Block A, Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

18. SHORT TERM INVESTMENTS	Note	2024	2023
		(Rupees)	
Equity securities - at FVTPL	18.1	7,279,016,292	6,377,779,240
Debt securities - at FVTPL	18.2	65,877,709	275,138,636
		<u>7,344,894,001</u>	<u>6,652,917,876</u>
<b>18.1 Equity securities - at FVTPL</b>			
Investment in quoted equity securities			
- Investment in ordinary shares of related parties	18.1.1	5,357,818,648	2,442,496,177
- Investment in preference shares of related parties	18.1.2	558,976,188	703,543,481
- Investment in ordinary shares of other companies		1,362,221,456	3,231,739,582
		<u>7,279,016,292</u>	<u>6,377,779,240</u>
<b>18.1.1</b> These represents investments made in the shares of related parties, namely, Aisha Steel Mills Limited, Power Cement Limited and Javedan Corporation Limited.			
<b>18.1.2</b> These represents investments made by Parent Company in the preference shares of Power Cement Limited and Aisha Steel Mills Limited.			
<b>18.1.3 Investment in quoted securities</b>	Note	2024	2023
		(Rupees)	
Cost of investment		7,432,226,362	7,037,548,685
<b>Unrealized (loss) / gain:</b>			
Balance as at 1 July		(659,769,445)	296,640,049
Effect of scheme of arrangement		(47,163,583)	-
Unrealized gain / (loss) for the year		553,722,956	(956,409,494)
		<u>(153,210,071)</u>	<u>(659,769,445)</u>
<b>Balance as at 30 June</b>		<u>7,279,016,292</u>	<u>6,377,779,240</u>
<b>18.2 Debt securities - at FVTPL Quoted</b>			
- Term Finance Certificates	18.2.1	65,877,709	88,544,078
- Globe Residency REIT (GRR)		-	186,594,558
		<u>65,877,709</u>	<u>275,138,636</u>
<b>18.2.1</b> These represent the investments by AHL in Term Finance (TFC) and Sukuk Certificates made under Market Making arrangements. AHL has entered into such arrangements in accordance with Chapter 12 of PSX Rule Book with various Financial and Corporate Institution. Under the arrangements, the Company has to maintain minimum inventory of TFCs and Sukuks to place bid & offer on daily basis. These TFCs and Sukuks carry coupon rate ranging from 3 month KIBOR + 1.5% to 1.7%, 6 month KIBOR + 1.4% to 2.25% (2023: 3 month KIBOR + 1.5% to 2.5%, 6 month KIBOR + 0.50% to 2%) calculated on the face value of the respective TFCs or Sukuks that is payable quarterly / semi annually.			



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

Reconciliation of movement in TFC is as follows:

	2024	2023
	(Rupees)	
Cost of the investments	66,566,383	91,607,707
<b>Unrealised gain / (loss):</b>		
Balance as at July 01	(3,063,629)	(610,197)
Unrealised gain / (loss) for the year	2,374,955	(2,453,432)
	(688,674)	(3,063,629)
<b>Balance as at June 30</b>	<b>65,877,709</b>	<b>88,544,078</b>

## 19. CASH AND BANK BALANCES

	Note	2024	2023
		(Rupees)	
With banks in:			
Current accounts			
- In local currency	19.1	473,557,539	171,108,562
- In foreign currency		11,152,022	11,474,201
		484,709,561	182,582,763
Savings accounts	19.2	3,275,554,492	1,453,708,732
		3,760,264,053	1,636,291,495
Cash in hand (in local and foreign currency)		1,299,976	1,301,825
Cash held in Central Depository Company Limited		6,908,525	6,674,187
		<b>3,768,472,554</b>	<b>1,644,267,507</b>

19.1 This includes unclaimed dividend deposited in separate dividend account amounting to Rs. 43.84 million (2023: Rs. 43.62 million).

19.2 Mark-up on deposit accounts carries profit rates ranging between 8% to 24% (2023: 6.50% to 20.50%) per annum.

19.3 Bank balances include customers' bank balances held in designated bank accounts by AHL, subsidiary company, amounting to Rs. 3,107.78 million (2023: Rs. 946.29 million), maintained on behalf of the clients.

## 20. SHARE CAPITAL

### 20.1 Authorised share capital

	2024	2023		2024	2023
	(Number of shares)			(Rupees)	
	1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	10,000,000,000	10,000,000,000

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

	2024	2023		Note	2024	2023
	(Number of shares)				(Rupees)	
	5,000,000	5,000,000	Ordinary shares of Rs. 10 each fully paid in cash		50,000,000	50,000,000
	450,750,000	450,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		4,507,500,000	4,507,500,000
	455,750,000	455,750,000			4,557,500,000	4,557,500,000
	(2,000,000)	(2,000,000)	Ordinary shares of Rs. 10 each bought back at Rs. 360 per share	20.2.1	(20,000,000)	(20,000,000)
	(45,375,000)	(45,375,000)	Ordinary shares of Rs. 10 each bought back at Rs. 27 per share	20.2.2	(453,750,000)	(453,750,000)
	<b>408,375,000</b>	<b>408,375,000</b>			<b>4,083,750,000</b>	<b>4,083,750,000</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

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

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

20.2.3 At year end, Mr. Arif Habib (Chief Executive Officer of the Parent Company) held 81.32% (2023: 80.54%) of ordinary shares in the Parent Company.

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

## 21. SHARES TO BE ISSUED UNDER SCHEME OF ARRANGEMENT

This reserve pertains to shares that will be issued subsequent to the year ended 30 June 2024 in relation to the scheme of arrangement.

## 22. SURPLUS ON REVALUATION

In the year 2015, Arif Habib Limited (AHL), a subsidiary company, had reclassified leasehold land and offices to investment property. Immediately before transfer, AHL re-measured the said assets on respective fair values and recognised surplus in revaluation reserve as per the requirement of IAS 40 'Investment Property'.

## 23. GENERAL RESERVE

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

## 24. NON-CONTROLLING INTERESTS (NCI)

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

	Note	2024	2023
<b>Subsidiary Companies</b>		<b>(Rupees)</b>	
Arif Habib Limited	24.1	355,284,741	1,363,705,806
Rayaan Commodities (Private) Limited	24.1	22,572,675	20,756,437
		<b>377,857,416</b>	<b>1,384,462,243</b>
Sachal Energy Development (Private) Limited	24.1	1,986,446,538	1,686,293,327
		<b>2,364,303,954</b>	<b>3,070,755,570</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

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

	2024		
	Arif Habib Limited	Sachal Energy Development (Private) Limited	Rayyan Commodities (Private) Limited
NCI Percentage	27.08%	14.17%	27.08%
	----- (Rupees) -----		
Non-current assets	284,768,077	16,689,505,216	12,084,837
Current assets	5,395,129,382	6,240,490,181	62,432,944
Non-current liabilities	43,866,648	5,529,809,020	-
Current liabilities	4,362,849,071	3,432,508,746	16,274,723
Net assets	1,273,181,740	13,967,677,631	58,243,058
Net assets attributable to NCI	355,284,741	1,986,446,538	22,572,675
Revenue	1,119,720,065	7,257,205,202	36,994,583
Profit for the year	611,946,740	3,708,318,354	6,178,447
Other comprehensive Income	-	-	-
Total comprehensive income	611,946,740	3,708,318,354	6,178,447
Profit allocated to NCI	164,787,995	526,920,681	1,816,238
Cash flows from operating activities	1,510,057,037	5,419,162,414	(2,352,386)
Cash flows from investing activities	317,350,651	(1,301,729)	815,048
Cash flows from financing activities	(178,661,831)	(5,510,293,115)	7,557,556
Net (decrease) / increase in cash and cash equivalents	1,648,745,857	(92,432,430)	6,020,218
Dividend paid to NCI	44,171,721	226,767,470	-
	----- (Rupees) -----		
	----- (Rupees) -----		
	2023		
	Arif Habib Limited	Sachal Energy Development (Private) Limited	Rayyan Commodities (Private) Limited
NCI Percentage	27.08%	14.17%	27.08%
	----- (Rupees) -----		
Non-current assets	2,149,301,366	18,230,357,021	11,611,238
Current assets	5,620,472,168	5,466,416,065	49,132,063
Non-current liabilities	70,067,886	8,449,336,425	-
Current liabilities	2,705,453,362	3,388,077,384	8,678,690
Net assets	4,994,252,286	11,859,359,277	52,064,611
Net assets attributable to NCI	1,363,705,806	1,686,293,327	20,756,437
Revenue	1,587,609,144	5,684,629,282	41,541,567
Profit	184,672,102	2,463,927,078	(36,042,939)
Other Comprehensive Income	-	-	-
Total comprehensive income	184,672,102	2,463,927,078	(36,042,939)
Profit allocated to NCI	58,075,340	350,749,157	(11,393,671)
Cash flows from operating activities	1,927,330,867	4,135,507,950	7,777,345
Cash flows from investing activities	(789,358,001)	(2,270,955)	1,900,000
Cash flows from financing activities	(1,205,043,647)	(5,003,613,302)	-
Net (decrease) / increase in cash and cash equivalents	(67,070,781)	(870,376,307)	9,677,345
Dividend paid to NCI	145,017,168	204,090,723	-

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

	Note	2024	2023
		(Rupees)	
<b>24.2 Profit allocated to NCI</b>			
Arif Habib Limited - Unconsolidated		164,787,995	58,075,340
Arif Habib 1857 (Private) Limited		-	821,914
Rayaan Commodities (Private) Limited		1,816,238	(11,393,671)
Sachal Energy Development (Private) Limited		526,920,681	350,749,157
		<b>693,524,914</b>	<b>398,252,740</b>
<b>25 LONG TERM LOANS - secured</b>			
Term finance loan - ICBC	25.1	11,484,000,000	10,300,000,000
Exchange (gain) / loss		(245,500,000)	3,796,200,000
Repayment of loan		(2,874,500,000)	(2,612,200,000)
Less: Current portion		(2,788,000,000)	(2,871,000,000)
		<b>5,576,000,000</b>	<b>8,613,000,000</b>
Transaction cost			
Balance at 1 July		(215,564,629)	(325,173,582)
Less: Amortisation during the year	39	89,055,520	109,608,953
		<b>(126,509,109)</b>	<b>(215,564,629)</b>
		<b>5,449,490,891</b>	<b>8,397,435,371</b>

25.1 This represent long term loan facility of USD 100 million availed by subsidiary company, SEDPL from Industrial and Commercial Bank of China (ICBC) under facility agreement dated 15 February 2015. The facility agreement has been registered with the State Bank of Pakistan on 29 May 2015. The loan carries mark-up at the rate of six months LIBOR plus 3.75% payable in arrears on semi annual basis. Principal is repayable in 20 bi-annual instalments with a grace period of two years. During the year, 2 semi annual installments of USD 5 million each (2023: 2 semi-annual installment of USD 5 million) was repaid.

This loan has been secured against first charge of USD 107,134,400 duly registered with Securities and Exchange Commission of Pakistan, over all present and future current and operating fixed assets, pledge of all shares of the SEDPL in favour of ICBC and corporate guarantee issued by the Parent Company in the favour of ICBC.

Following are the key conditions as per the facility agreement which can create lender's right to demand payment of all or part of the outstanding loan:

- non payment of any due amount in pursuant to facility agreement;
- failure to comply with the terms of facility agreement related to purpose, security, non-disposal, SINOSURE insurance policy, negative pledge and financial covenants of the guarantee;
- any material misrepresentation given in relation to the facility agreement ;
- in case of insolvency of SEDPL or insolvency legal proceedings against SEDPL;
- in case of material adverse effect due to modification, revocation, suspension, termination or expiry of license or authority;
- SINOSURE insurance policy is terminated, repudiated, invalid or ineffective in any other way; and
- SEDPL suspends or ceases to carry on all or a material part of its business.

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

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

26. LAND LEASE LIABILITY	Note	2024	2023
		(Rupees)	
Balance at 1 July		12,839,191	12,454,657
Additions during the year	26.2	35,957,526	-
Charge for the year		1,749,323	1,744,534
Unwinding of interest		3,995,623	-
Paid during the year		(10,960,000)	(1,360,000)
Balance at 30 June		43,581,663	12,839,191
Current portion shown under current liabilities		(9,280,000)	(1,360,000)
		<b>34,301,663</b>	<b>11,479,191</b>

26.1 This includes lease rental liability against 680 acres of land in Jhimpir Area, District Thatta of the Province of Sindh acquired by SEDPL, subsidiary company, under a sub lease agreement dated 20 October 2014 of master lease agreement dated 11 February 2008. Under the terms of the sub-lease deed, SEDPL has paid lease rental and incidental expenses amounting to Rs. 5,905,000 for 10 years. SEDPL is required to pay lease rental amounting to Rs. 1,360,000 yearly for ten years (from 1 February 2018 to 31 January 2028), and Rs. 3,145,000 yearly for the next ten years (from 1 February 2028 to 31 January 2038). The lease rentals are being amortized on straight line basis over the useful life of the project.

26.2 This represents lease rental liability against 4000 square feet area building on rent for a period of 5 years commencing 1 December 2023.

27. LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS	2024	2023
	(Rupees)	
This represent lease liability of Parent Company and AHL, subsidiary company.		
<b>Balance as at 1 July</b>	<b>3,027,336</b>	25,339,668
Additions during the year	122,802,220	-
Effect of lease modification	4,241,120	-
Termination during the year	-	(1,285,665)
Interest accrued	24,593,833	1,462,155
Lease rental paid	(48,932,203)	(22,488,822)
<b>Balance as at 30 June</b>	<b>105,732,306</b>	<b>3,027,336</b>
Lease liability	<b>105,732,306</b>	3,027,336
Less: current portion of lease liability	(43,961,487)	(2,108,980)
	<b>61,770,819</b>	<b>918,356</b>



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

27.1 Lease liability is payable as follows:

	2024		
	Less than one year	Between one and two years	Total
	----- (Rupees) -----		
Future minimum lease payments	54,012,145	79,287,845	133,299,990
Less: Interest	(10,050,658)	(17,517,026)	(27,567,684)
Present value of minimum lease payment	43,961,487	61,770,819	105,732,306
	-----		
	2023		
	Less than one year	Between one and two years	Total
	----- (Rupees) -----		
Future minimum lease payments	2,270,132	966,307	3,236,439
Less: Interest	(161,152)	(47,951)	(209,103)
Present value of minimum lease payment	2,108,980	918,356	3,027,336

## 28. STAFF RETIREMENT BENEFITS

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

	2024	2023
	(Rupees)	
Balance as at 1 July	40,421,863	33,327,829
Provision for the year	9,258,880	8,565,008
Gratuity paid during the year	(3,664,277)	(1,470,974)
Balance as at 30 June	46,016,466	40,421,863

28.1 This include provision for gratuity of Rs. 31.35 million (2023: Rs 27.03 million) payable to key management personnel of SEDPL. The actuarial valuation in respect of provision for gratuity has not been carried out since the management believes that the impact is not material.

## 29. DEFERRED TAXATION - net

	Note	2024	2023
		(Rupees)	
Taxable temporary differences			
- Investment in equity accounted associates		3,978,119,327	3,132,493,630
- Unrealised gain on investments		122,426,847	119,714,561
- Right-of-use assets		6,380,615	661,103
		4,106,926,789	3,252,869,294
Deductible temporary differences			
- Intangible assets		(6,572,351)	(6,491,468)
- Unrealised loss on investments		-	(13,983,499)
- Impairment loss on other long term investment		(20,280,000)	(20,280,000)
- Turnover tax		-	(2,693,368)
- Lease liability against right of use assets		(11,255,571)	(877,927)
- Accelerated tax depreciation		(5,519,804)	(5,069,612)
		(43,627,726)	(49,395,874)
		4,063,299,063	3,203,473,420
- Unused tax losses		(301,706,446)	(265,845,947)
		3,761,592,617	2,937,627,473
Deferred tax asset not recognised	29.1	334,229,473	311,616,779
Deferred tax liability		4,095,822,090	3,249,244,252

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

29.1 Deferred tax assets have not been recognised in respect of the above items, because it is not probable that future taxable profits under normal tax regime will be available against which the Parent Company can use the benefits therefrom. This includes deferred tax asset not recognised on unused tax losses of Rs. 301.7 million (2023: Rs. 265.84 million).

29.2 Net difference of Rs. 846.58 million (2023: Rs. 880 million) has been recognised in the consolidated statement of profit or loss.

30. TRADE AND OTHER PAYABLES	Note	2024 (Rupees)	2023
Creditors	30.1	3,023,733,425	876,006,082
Commission payable	30.2	233,243,989	22,477,749
Operating and maintenance payable	30.3	200,443,036	131,045,360
Workers' Profit Participation Fund Payable		199,152,419	121,612,992
Payable against reverse repo transaction		-	17,629,267
Other accrued expenses	30.4	39,156,891	36,726,063
Other liabilities		21,319,112	30,211,958
Advance from customers		899,847	-
		<u>3,717,948,719</u>	<u>1,235,709,471</u>

30.1 This includes amount of Rs. 249.33 million (2023: Rs. 61.3 million) payable to related parties by AHL.

30.2 This includes amount of Rs. 102 million (2023: Rs. 12.82 million) payable to related parties by AHL.

30.3 This includes payable by SEDPL to Hydrochina International Engineering Company Limited amounting to Rs. 123.42 million (2023: Rs. 131.04 million) on account of operations and maintenance of plant.

30.4 This includes Rs. 1.37 million (2023: Rs. 1.02 million) payable to Rotocast Engineering Company (Private) Limited a related party, on account of monthly expense contribution of utilities and maintenance charges.

31. SHORT TERM BORROWINGS	Note	2024 (Rupees)	2023
Secured - from banking companies			
- Running finance	31.1	<u>1,165,647,311</u>	<u>3,932,066,154</u>

31.1 Short term running finance facilities are available to Parent Company and AHL, from various commercial banks, under mark-up arrangements, amounting to Rs. 11,200 million (2023: Rs. 12,450 million). These facilities have various maturity dates up to 28 February 2026 and need to be renewed after that.

These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.5% to 1% and 3 months KIBOR + 0.5% to 1.75% (2023: 1 month KIBOR + 0.5% to 1% and 3 months KIBOR + 0.5% to 1.75%) calculated on a daily product basis, and is payable quarterly. The aggregate amount of these facilities which have not been availed at the reporting date amounts to Rs. 10,034 million (2023: Rs. 8,518 million).

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

**31.2** Total value of securities belonging to customers pledged with financial institutions for the year ended 30 June 2024 amounts to Rs. 6,666 million (2023: Rs. 4,730 million).

**31.3** The fair value of shares of associated companies, shares held for trading and other securities / assets pledged as collateral against short term borrowings amounts to Rs. 20,184 million (2023: Rs. 12,390 million).

## **32. LOAN FROM SPONSOR**

During the year, Parent Company has obtained a loan facility from Mr. Arif Habib (Sponsor) with the objective to fulfill the working capital requirement. The sponsor has agreed to finance up to the limit of Rs. 2,200 million on need basis. The facility is renewed automatically every year and carries mark up at 3-month KIBOR plus 1% per annum payable on settlement of the loan. As at 30 June 2024, Parent Company has been granted a loan of Rs. 800 million which is repayable on demand.

## **33. CONTINGENCIES AND COMMITMENTS**

### **33.1 Contingencies**

#### **Parent company**

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

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

The suit was dismissed due to non-prosecution on 3 May 2021, however, the suit was reopened and the case is pending with the Honourable High Court of Sindh.

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

**33.1.3** The Parent Company has issued Corporate Guarantee, on behalf of a subsidiary company, namely Sachal Energy Development (Private) Limited (SEDPL), amounting to USD 100 million. The amount outstanding as at the year end amount to USD 30 million (2023: USD 40 million) to Industrial Commercial Bank of China in relation to a project financing agreement of SEDPL.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

- 33.1.4** The Parent Company has issued guarantee of Rs. 677.45 million (2023: Rs. 677.45 million) and Rs. 625 million (2023: Rs. 625 million) on behalf of Aisha Steel Mills Limited (ASML) - a related party to secure financing arrangement from Faysal Bank Limited and Habib Metropolitan Bank Limited, respectively. The Company has pledged 24.5 million ordinary shares of Fatima Fertilizer Company Limited valued at Rs. 1,264 million as at year end to Habib Metropolitan Bank Limited against this financing facility availed by ASML.
- 33.1.5** The Parent Company has issued Corporate Guarantee on behalf of Power Cement Limited (PCL) to the extent of Rs. 847.68 million (2023: Rs. 847.68 million) issued to secure payment obligations of PCL.
- 33.1.6** The Company has obtained letters of indemnity from the respective related parties.
- 33.1.7** For tax related matters, refer note 42 to these consolidated financial statements.

#### AHL, subsidiary company

- 33.1.8** AHL has been contesting a demand of Rs. 45.42 million raised against its non-taxable services vide order issued on September 12, 2014 by the Assistant Commissioner, Sindh Revenue Board. AHL filed an appeal against the impugned order in the appropriate forums and, accordingly, a stay was granted to AHL against the impugned order. During the year 2018, the Appellate Tribunal Sindh Revenue Board remanded the case to the learned Commissioner (Appeals) for decision denovo on merits in terms of note / opinion recorded by the Member Technical. AHL's legal counsel is of the view that the AHL has a favorable case based on merit. Accordingly, AHL has not made any provision of the said amount in these consolidated financial statements.

#### SEDPL and BGPL, subsidiary companies

- 33.1.9** There are no contingencies as on 30 June 2024 (2023 : Nil)

#### Associates

- 33.1.10** The Group's share of associates' contingent liabilities is Rs. 5,482.79 million (2023: Rs. 4,065.82 million).

#### 33.2 Commitments

##### Parent company

- 33.2.1** The Parent Company holds 2.56 billion shares (2023: 2.56 billion) of Silkbank Limited in its CDC account. During financial year 2020, Silkbank Limited's sponsor had exercised the option granted to him to purchase the Company's entire investment in Silkbank Limited. Accordingly, the Parent Company had derecognised its investment in Silkbank Limited and had also set off relevant deposits and margin against this investment. However, shares will be transferred as per the option agreement in due course in line with regulatory approvals.

	Note	2024	2023
		(Rupees)	
<b>AHL, Subsidiary Company</b>			
<b>33.2.2</b>	Following commitments are outstanding as at the year end:		
-	Outstanding settlements against marginal trading contracts	138,417,338	226,651,180
-	Outstanding settlements against sale/ purchase of securities in regular market	97,136,093	151,314,528
-	Financial guarantee given by a commercial bank on behalf of AHL	750,000,000	750,000,000
-	Against purchase of investment property	-	75,000,000

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## SEDPL, subsidiary company

**33.2.3** The Subsidiary Company, SEDPL has entered into Service and Availability Agreement with Goldwind Pakistan (Private) Limited on 1 July 2019 for a period of three (03) years. SEDPL has signed the extension of Service and Availability Agreement with Goldwind Pakistan (Private) Limited dated 1 July 2022 for a period of five (05) years starting from 1 July 2022. The fee of USD 1,000,000 is agreed for the year 2024-25.

## Associates

**33.2.4** The Group's share of associates' commitments is Rs. 2,377 million (2023: 2,175 million).

## 33.2.5 Significant contracts of SEDPL

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

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

### (b) Implementation Agreement (IA)

SEDPL has entered into IA with GoP on 11 August 2014 to install wind turbines to generate and sell electricity up to 49.5 MW in Sindh Province, Pakistan.

### (c) Facility Agreement

SEDPL has entered into Facility Agreement of USD 100 Million with ICBC on 15 February 2015.

### (d) Running Finance Facility Agreement

The Company has entered into short term Running Musharakah (revolving) of Rs. 1,000 million obtained from FBL on 18 February 2022 renewed on 10 November 2023.

	Note	2024 (Rupees)	2023
<b>34. REVENUE</b>			
Revenue from sale of energy - net	34.3	7,040,372,089	5,455,049,471
Brokerage income		662,581,775	349,581,386
Advisory and consultancy fee		250,218,507	343,499,284
Dividend income		755,949,239	510,238,105
Mark-up income on loans to associates	34.1	343,793,119	382,571,693
Mark-up income on bank deposits		560,948,528	316,551,380
Inter bank brokerage income		116,066,254	116,066,254
Mark-up income on margin financing		52,475,177	64,938,899
Commodity brokerage income		36,994,583	37,908,326
Mark-up income on term finance certificates		25,779,266	275,870,361
Guarantee commission income	34.2	2,150,136	2,150,136
Unwinding of interest of debt instrument		111,446,528	95,399,605
		<b>9,958,775,201</b>	<b>7,949,824,900</b>



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

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

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

<b>34.3 Revenue from sale of energy - net</b>	Note	2024 (Rupees)	2023
Regular energy		5,784,102,178	4,119,987,229
Short fall energy		1,492,387,290	1,473,827,188
Less: Sales tax		(842,920,449)	(581,623,271)
		<b>6,433,569,019</b>	<b>5,012,191,146</b>
Late payment charges		606,803,070	442,858,325
		<b>7,040,372,089</b>	<b>5,455,049,471</b>

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

Long term investment - at fair value through profit or loss	(360,821,338)	1,152,336,184
Short term investments - at fair value through profit or loss	553,722,956	(911,687,176)
	<b>192,901,618</b>	<b>240,649,008</b>

## **36. COST OF ENERGY SALES**

Salaries, wages and benefits		87,283,699	80,559,104
Operations and maintenance		289,351,931	244,110,912
Travelling and transportation		29,014,380	23,030,354
Land lease rent		1,749,323	1,744,534
Import energy cost		12,974,220	15,746,993
Consultancy services		4,606,520	3,907,878
Communication		5,890,697	5,960,382
Operational insurance		125,600,000	91,675,168
Fee and subscription		3,753,612	1,684,990
Security services		43,633,135	35,984,375
Depreciation	5.3	1,326,073,736	1,081,204,487
Water charges		10,268,430	8,919,878
Other expenses		5,318,776	8,636,228
		<b>1,945,518,459</b>	<b>1,603,165,283</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

37. ADMINISTRATIVE EXPENSES	Note	2024 (Rupees)	2023
Salaries and benefits	37.1	841,786,508	445,395,698
Royalty	37.2	320,000,000	288,000,000
Printing and stationery		8,093,445	10,187,276
Communication		27,477,711	27,688,213
Rent, rates and taxes		10,012,363	12,897,822
Utilities		10,495,176	7,352,862
Legal and professional charges		17,603,692	9,161,896
Central Depository Company and clearing house charges		29,492,377	25,421,731
Entertainment		11,282,047	7,025,024
Travel and conveyance		98,359,257	75,750,298
Depreciation	5.3	65,360,934	64,986,040
Amortisation of intangible assets	6	433,647	529,244
Repairs and maintenance		67,967,399	60,935,513
Insurance		17,722,809	15,742,120
Fees and subscription		36,434,853	30,173,378
Advertisement, business promotion and research		23,059,730	16,264,490
Meeting expenses		3,950,000	2,350,000
Auditors' remuneration	37.3	9,135,625	7,700,946
Technical assistance / commission and advisory fee		10,297,431	38,650,783
Man power services	37.4	20,714,800	25,192,644
Others		29,932,568	75,695,626
		<u>1,659,612,372</u>	<u>1,247,101,604</u>
<b>37.1</b>	This includes the Group's contribution to staff retirement benefits amounting to Rs. 22.98 million (2023: Rs. 22.6 million).		
<b>37.1.1</b>	Parent Company, AHL and RCPL have set up provident fund for its employees. All investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.		
<b>37.2</b>	This represents payment made as reward to Mr. Kashif Mateen Ansari as royalty for conceptual framework developed in 2009 approved by the chairman of the Board of Directors (BoD) during the year under the authority given by the BoD in the meeting held on 15 September 2021.		
<b>37.3</b>		2024 (Rupees)	2023
Audit fee		5,475,990	4,568,325
Interim & other services (certifications)		2,901,159	2,493,307
Out of pocket		461,999	345,786
Sales tax		296,477	293,528
		<u>9,135,625</u>	<u>7,700,946</u>
<b>37.4</b>	These represent charges paid by AHL to M/s. Arif Habib Consultancy (Private) Limited, its related party, in respect of recruitment services obtained for providing senior and highly qualified consultants to lead the Subsidiary Company's investment banking department.		
<b>38. OTHER INCOME</b>		2024 (Rupees)	2023
Profit on exposure deposit		35,451,779	4,842,542
Exchange gain		3,649,770	3,444,581
Mark up on reverse repo transaction		32,144,885	13,524,000
Reversal of provision of bad debt		-	7,630,328
Gain on disposal of subsidiary		-	13,967,005
Others		1,977,127	3,591,936
		<u>73,223,561</u>	<u>47,000,392</u>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

39. FINANCE COSTS	Note	2024 (Rupees)	2023
Mark-up on long term loans		984,581,361	1,256,293,827
Mark-up on short term borrowings		707,109,953	869,671,260
Mark-up on loan from sponsor		1,863,890	-
Interest expense on lease		27,573,915	1,462,155
Bank charges		12,508,828	15,410,496
Amortisation of transaction cost	39.1	89,055,520	109,608,953
Mark-up on loan under State Bank of Pakistan scheme		-	129,289
Mark-up on Margin Trading System securities		1,721,732	1,715,421
		<u>1,824,415,199</u>	<u>2,254,291,401</u>
<b>39.1</b>	Relates to a long term loan obtained by SEDPL, a subsidiary company, as mentioned in note 25.1.		
40. OTHER CHARGES	Note	2024 (Rupees)	2023
Donations	40.1	3,300,000	59,250
Provision for expected credit losses on trade debts		12,627,092	24,688,276
Other receivables written-off		-	2,171,617
Miscellaneous charges		1,783,856	-
Exchange loss		336,879	43,676,354
Loss on disposal of fixed / scrap assets		402,588	15,706
		<u>18,450,415</u>	<u>70,611,203</u>
<b>40.1</b>	This include donations given mainly to Memon Health and Education Foundation of Rs. 2 million (2023: Nil) and Baitussalam Welfare Trust of Rs. 1 million (2023: Nil). There are no donations to any person, institution or organisation in which a director or his spouse had any interest.		
41. LEVIES		2024 (Rupees)	2023
Excess of minimum tax over normal tax		-	46,925,872
Income tax - Final tax regime		21,834,159	55,360,089
Income tax - Tax on deemed rental income u/s 7E		389,000	2,020,000
		<u>22,223,159</u>	<u>104,305,961</u>
<b>41.1</b>	This represents final tax paid under section 5 and section 7E of Income Tax Ordinance 2001 (ITO 2001), representing levy in terms of requirements of IFRIC 21 / IAS 37.		
41.2 Reconciliation of current tax charge		2024 (Rupees)	2023
Charged as per tax laws for the year, with current tax recognised in the profit and loss account		964,162,005	803,945,338
Current tax liability for the year as per applicable tax laws		(941,938,846)	(699,639,377)
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37		(22,223,159)	(104,305,961)
		<u>-</u>	<u>-</u>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

42. INCOME TAX EXPENSE	Note	2024 (Rupees)	2023
Current			
- For the year		948,287,209	707,663,808
- Prior year		(6,348,363)	(8,024,431)
Deferred	29.2	941,938,846	699,639,377
		846,577,838	880,004,332
		<b>1,788,516,684</b>	<b>1,579,643,709</b>

## 42.1 Relationship between tax expense and accounting profit

	2024 (Effective tax rate %)	2023	2024 (Rupees)	2023
Profit before levies and income tax			<b>10,324,447,452</b>	<b>5,497,779,853</b>
Tax at the applicable tax rate at 29% (2023: 29%)	<b>29%</b>	29%	<b>2,994,089,761</b>	1,594,356,157
Tax effect of:				
Income under final tax regime	<b>(1.11%)</b>	(1.51%)	<b>(114,808,656)</b>	(83,024,519)
Income under minimum tax regime	<b>0.00%</b>	0.85%	<b>-</b>	46,925,872
Income taxed at lower rate	<b>(1.97%)</b>	0.00%	<b>(203,128,936)</b>	(123,451)
Minimum turnover tax	<b>(0.04%)</b>	(2.01%)	<b>(3,978,615)</b>	(110,648,623)
Prior year tax	<b>(0.08%)</b>	(0.15%)	<b>(8,237,747)</b>	(8,024,431)
Non-deductible expenses	<b>2.62%</b>	20.61%	<b>269,987,921</b>	1,132,860,610
Exempt income / permanent difference	<b>(21.74%)</b>	(20.62%)	<b>(2,245,026,157)</b>	(1,133,482,567)
Super tax	<b>3.82%</b>	0.06%	<b>393,974,129</b>	326,870,048
Change in tax rate	<b>0.00%</b>	(0.89%)	<b>-</b>	(49,056,685)
Others	<b>7.05%</b>	(0.59%)	<b>727,868,143</b>	(32,702,741)
			<b>1,810,739,843</b>	<b>1,683,949,670</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## Parent company

**42.2** The provision for current year tax represents tax on taxable income under final tax regime as per the applicable rate, minimum tax per annum under normal tax regime and super tax at the applicable rate as levied under Finance Act, 2024. The Company computes current tax expense based on the generally accepted interpretation of the tax laws to ensure that sufficient provision for the purpose of taxation is available. According to the management, the tax provision made in these consolidated financial statements is sufficient.

**42.3** During the financial year 2021, the petition filed by the Parent Company against the imposition of super tax for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 for the tax years 2015 to 2019 in the Honourable High Court of Sindh was rejected vide order dated 21 July 2020. The Parent Company, in consultation with its legal and tax advisors, has filed an appeal against the decision of the Honourable High Court of Sindh in the Supreme Court of Pakistan.

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

**42.4** The Government has levied a special tax from tax year 2022 and onwards on high earning persons. As per section 4C of the Income Tax Ordinance 2001 (the Ordinance), among others, where income exceeds Rs. 500 million, super tax shall be charged at a rate of 10% of income calculated under section 4C of the Ordinance. The Company has filed a constitutional petition against the imposition of such super tax on high earning persons including specified sectors in the Honourable Islamabad High Court and have obtained the stay order on its payment. The Parent Company in consultation with its legal and tax advisor expects a positive outcome, however a provision amounting to Rs. 303.72 million for tax year 2023 and Rs. 358.41 million for the tax year 2024 has been recorded in these consolidated financial statements.

**42.5** Further, the deemed assessments for the tax years 2016 to 2020 were subsequently modified by the Additional Commissioner Inland Revenue (AdCIR) by issuing amended assessment orders (Orders), mainly attempting to reclassify Parent Company's normal business income to income from other sources. The Parent Company had filed appeal before the CIR (Appeals) against the Orders, who have remanded back the cases to AdCIR for re-examination and re-consideration of the facts of the cases. For aforementioned tax years, the Parent Company and AdCIR are contesting the case in Appellate Tribunal Inland Revenue.

## AHL, subsidiary company

**42.6** Income tax assessments of the AHL are deemed to be finalized as per tax returns file up to tax year 2023. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.

**42.7** AHL has been contesting Civil Suit No. 2596 of 2015 against levy of "Super Tax" u/s 4B of the Income Tax Ordinance, 2001 introduced through Finance Act, 2015 in the High Court of Sindh. The honorable High Court has ordered stay on any coercive action against the recovery of demand on super tax, therefore, the AHL has not paid any Super tax accordingly. The said stay is still in force and the AHL has recorded a provision in previous years. AHL filed a petition in Sindh High Court Karachi against the recovery of Super tax bearing C.P. No. D 5421/2018 for the tax year 2017 on 21 July 2018 and C.P. No.D 4980/2020 for the tax year 2018 on 12 October 2020, both the petitions were rejected by the Sindh High Court on 15 September 2020 and 14 November 2020 respectively. AHL filed C.P.2329/2020 pertaining to "Super Tax" u/s 4B for the tax year 2017 on 14 November 2020 and C.P. 239/2021 for the tax year 2018, which were heard by the Honourable Supreme Court of Pakistan as per it's direction. The Honourable Supreme Court of Pakistan directed petitioner taxpayers to deposit 50% of their respective impugned outstanding tax amounts pertaining to super tax u/s 4B with the respondent authorities for tax year 2017 on 26 November 2020 and for the tax year 2018 on 22 February 2022, no coercive action for recovery shall be taken against such tax payers in the meanwhile, accordingly AHL has made the required deposit.

AHL has also filed a writ petition 38/2023 on 24 January 2024 in Islamabad High Court against the recovery of Super tax u/s 4C for the tax year 2024, which is currently pending adjudication in the said court.



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## SEDPL, subsidiary company

**42.8** Provision for taxation has been booked on interest income at the corporate tax rate of 29% applicable for the tax year 2024. The Company's income derived from electric power generation and sale of GSCERs is exempt from tax under clause (132) of Part I and clause (65) of Part IV of Second Schedule to the Income Tax Ordinance, 2001 respectively.

## BGPL, subsidiary company

**42.9** The income tax assessments of BGPL are deemed to have been assessed up to and including the tax year 2023.

**42.10** Deferred tax asset amounting to Rs. 12.25 million (2023: Rs.14.38 million) in respect of unused tax losses has not been recognised in these financial statements as management is of the view that it is not probable at this stage that sufficient taxable profits under normal tax regime will be available in the foreseeable future against which deductible temporary differences can be utilized.

## 43. EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year and to be issued due to the effect of scheme of arrangement. There is no dilutive effect on the basic earnings per share of the Parent Company as at 30 June 2024.

	2024	2023
	(Rupees)	
<b>43.1 Basic earnings per share</b>		
Profit after tax from continuing operations attributable to ordinary shareholders	7,820,182,695	3,416,399,357
Profit after tax from discontinued operation attributable to ordinary shareholders	-	1,753,731
Weighted average number of ordinary shares	421,696,747	408,375,000
Earnings per share - continuing operations	18.54	8.37
Earnings per share - discontinued operation	0.00	0.00

## 43.2 Diluted earnings per share

Diluted earnings per share has not been presented as there is no convertible instruments in issue as at 30 June 2024 and 30 June 2023 which would have any effect on the earnings per share if the option to convert is exercised.

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

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

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

44.2 The aggregate amounts charged in these consolidated financial statements in respect of remuneration including benefits to the Chief Executive Officer and Directors of the Parent Company and other Executives of the Group are given below:

	Chief Executive Officer		Directors		Executive employees	
	2024	2023	2024	2023	2024	2023
	----- (Rupees) -----					
Managerial remuneration	12,000,000	12,000,000	-	-	143,058,189	147,248,628
Retirement benefits	967,740	967,740	-	-	10,652,778	10,448,943
Commission and bonus	2,000,000	2,000,000	-	21,664,167	317,583,629	61,737,019
Other allowances	600,000	600,000	2,300,000	675,000	13,221,957	10,690,808
Total	15,567,740	15,567,740	2,300,000	22,339,167	484,516,553	230,125,398
Number of person(s)	1	1	7	4	39	41

44.3 The Chief Executive Officer has been provided with free use of Parent Company's maintained vehicles in accordance with the company's policy. The net book value of these vehicles provided to chief executive officer are 8.98 million (2023: Rs. 11.23 million).

## 45. CASH GENERATED FROM OPERATIONS

	Note	2024 (Rupees)	2023
Profit before tax	45.1	10,324,447,452	5,500,355,498
<b>Adjustments for:</b>			
Depreciation		1,391,434,670	1,146,190,527
Amortisation of intangible assets		433,647	529,244
Mark-up income		(930,520,913)	(974,993,434)
Unwinding of interest income on debt instrument		(111,446,528)	(95,399,605)
Gain on disposal of associate		-	(756,370,440)
Share of profit of equity-accounted investees - net of tax		(4,768,956,103)	(2,098,147,561)
Gain on disposal of discontinued operations		-	(13,967,005)
Unrealised (gain) / loss on remeasurement of investment property		(12,650,971)	1,016,769,380
Gain on sale of investment property		(749,029)	(1,261,550,827)
Provision for gratuity		9,258,880	8,565,008
Unrealised loss / (gain) on remeasurement of other long term investment		360,821,338	(1,152,336,184)
Unrealised (gain) / loss on remeasurement of short term investment		(553,722,956)	911,687,176
Loss on sale of property, plant and equipment		402,588	-
Provision for expected credit losses on trade debts		12,627,092	17,057,948
Other receivables written-off		-	2,171,617
Amortisation of land lease rent		1,749,323	1,744,534
Profit on asset held for sale		-	(2,575,645)
Amortisation of transaction cost		89,055,520	109,608,953
Interest expense on lease		27,573,915	1,462,155
Finance cost		1,693,413,046	2,127,809,797
		(2,791,276,481)	(1,011,744,362)
		7,533,170,971	4,488,611,136
<b>Changes in working capital:</b>			
<i>(Increase) / decrease in current assets</i>			
Trade debts		(881,711,618)	(735,337,558)
Loans and advances		(1,675,693,355)	(957,978,395)
Deposits and prepayments		(165,896,267)	(56,099,996)
Accrued mark-up and other receivables		404,912,101	345,764,809
Short term investments		(257,238,344)	3,143,558,448
Long term deposits and other receivables		(7,275,471)	(152,020,832)
		(2,582,902,954)	1,587,886,476
<i>Decrease / (increase) in current liabilities</i>			
Trade and other payables		2,611,771,026	(87,347,083)
Payable against purchase of investment - net		198,721,206	(21,078,278)
Unclaimed dividend		214,733	5,255,687
		2,810,706,965	(103,169,674)
<b>Cash generated from operations</b>		<b>7,760,974,982</b>	<b>5,973,327,938</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

	Note	2024	2023
		(Rupees)	
<b>45.1 Profit before tax</b>			
Profit before tax from continuing operations		10,324,447,452	5,497,779,853
Profit before tax from discontinued operations		-	2,575,645
		<u>10,324,447,452</u>	<u>5,500,355,498</u>
<b>46. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	19	3,768,472,554	1,644,267,507
Short term borrowings - running finance	31	(1,165,647,311)	(3,932,066,154)
		<u>2,602,825,243</u>	<u>(2,287,798,647)</u>

## 47. FINANCIAL INSTRUMENTS

The Board of Directors has overall responsibility for the establishment and oversight of Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies. The Group has exposures to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### Risk management framework

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

### 47.1 Credit risk

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

#### Credit risk management

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

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions.

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

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## Exposure to credit risk

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

	2024 (Rupees)	2023
Debt instrument - at fair value through profit or loss	4,004,152,921	3,802,300,041
Debt instrument - at amortised cost	798,161,476	686,714,948
Trade debts	5,766,986,879	4,897,902,353
Long term deposits	12,069,963	12,242,402
Loans	316,274,377	1,885,940,685
Accrued mark-up and other receivables	1,233,332,362	1,449,757,558
Short term deposits	191,452,247	37,121,545
Investments in debt securities	65,877,709	275,138,636
Bank balances	3,760,264,053	1,636,291,495
	<b>16,148,571,987</b>	<b>14,683,409,663</b>

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

## Trade debts

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

	2024 (Rupees)	2023
Domestic (Pakistan)	<b>5,766,986,879</b>	<b>4,897,902,353</b>

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

	2024		2023	
	Gross	Impairment loss	Gross	Impairment loss
	----- (Rupees) -----			
Neither past due nor impaired	5,431,903,064	-	4,644,734,899	-
Past due 1 - 30 days	91,208,064	(3,642,942)	67,877,119	(31,132)
Past due 31 - 180 days	134,463,178	(5,181,696)	82,659,599	(3,875,011)
More than 180 days	1,054,608,919	(955,614,926)	1,052,263,766	(945,726,887)
	<b>6,712,183,225</b>	<b>(964,439,564)</b>	<b>5,847,535,383</b>	<b>(949,633,030)</b>

Based on the historical expenses and the assessment of the credit worthiness of the debtors, the Group management is of the view that no provision in addition to the above impairment loss, as recorded, needs to be so recorded. Apart from the above past due balances, none of the other financial assets are past due / overdue.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## Credit ratings of the bank balances

As at 30 June 2024 the Group has placed funds with banks having good credit ratings. The credit ratings to respective banks have been assigned by independent credit rating agencies. At reporting date credit ratings of respective banks were as follows:

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

## Concentration of credit risk:

Details of the concentration of credit risk are as follows:

	2024	2023
	(Rupees)	
Central Power Purchasing Agency	5,609,772,266	4,753,293,348
Real estate investment trust (REIT)	4,714,410,239	4,798,096,333
Banks	3,826,141,762	1,724,835,573
Fertilizer company	798,161,476	1,586,095,730
Real estate management company	210,558,850	996,940,166
Brokerage clients	649,361,505	590,436,044
Steel manufacturing company	124,651,781	178,147,710
PSX, NCCPL and PMX	214,132,687	54,040,553
Utility companies and CDC	1,169,501	1,284,736
Cement manufacturing company	211,920	239,470
	<b>16,148,571,987</b>	<b>14,683,409,663</b>





# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 47.3 Market risk

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

### a) Foreign exchange risk management

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

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

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

	2024		2023	
	Rupees	US Dollars	Rupees	US Dollars
<b>Financial assets</b>				
Cash in hand	11,126	40	11,447	40
Bank balances	11,152,022	40,094	11,474,201	40,094

The following significant exchange rates were applicable during the year:

	Average rates		Reporting date rate	
	2024	2023	2024	2023
US Dollars to				
Pakistan Rupee	282.35	247.94	278.14	286.18

### Sensitivity analysis of above financial assets

A 10 percent strengthening / (weakening) of the Pakistan Rupee against various foreign currencies at 30 June would have (decreased) / increased the consolidated profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2023.

	Effect on profit and loss	
	2024 (Rupees)	2023
As at 30 June		
Effect in US Dollars	1,116,315	1,148,565

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## Sachal Energy Development (Private) Limited (SEDPL) - subsidiary company

The potential currency exposures are discussed below:

i) Transactional exposure in respect of non functional currency monetary Items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of SEDPL are periodically translated to PKR equivalent, and the associated gain or loss is capitalized based on SECP's S.R.O. 986/(1)/2019 dated September 02, 2019. The foreign currency risk related to monetary items is managed as part of the risk management strategy. SEDPL is also covered under the EPA to recover the forex loss under the tariff.

ii) Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by SEDPL in currencies other than the functional currency. Certain receipts are received in currency other than the functional currency of SEDPL. These currency risks are managed as a part of overall risk management strategy. SEDPL does not enter into forward exchange contracts.

iii) Exposure to foreign currency risk

SEDPL is not exposed to currency risk due to the mechanism for indexation of tariff available to it. Had this mechanism been not available to SEDPL, then its exposure to currency risk would have been as follows based on notional amount:

### Concentration of credit risk:

Details of the concentration of credit risk are as follows:

	2024 US Dollars	2023 US Dollars
Long term loan	30,000,000	40,000,000
Accrued markup	400,901	517,925
Operational and maintenance payable	718,949	456,445
Net exposure	<u>31,119,850</u>	<u>40,974,370</u>

The following significant exchange rates applied during the year:

	Average rates		Reporting date rate	
	2024	2023	2024	2023
US Dollar	<u>282.35</u>	247.94	<u>278.14</u>	286.18

The exchange differences on foreign currency borrowings to the extent of construction are capitalized. Remaining exchange differences are also being capitalized based on SECP's S.R.O. 986/(1)/2019 dated 2 September 2019. The Company is also covered under the EPA to recover the forex loss under the tariff.

### Sensitivity

Had the mechanism for indexation of tariff not been available to SEDPL, then an increase of 1% in exchange rate at the reporting date would have decreased the consolidated profit or loss by the amounts shown below.

### Concentration of credit risk:

Details of the concentration of credit risk are as follows:

	Profit or loss	
	2024 (Rupees)	2023
US Dollar balances	<u>86,556,751</u>	<u>117,260,452</u>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

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

## b) Interest / mark-up rate risk

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

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

	Note	Carrying amounts	
		2024	2023
<b>(Rupees)</b>			
<b>Financial assets - variable rate instruments</b>			
Loans to related parties		278,103,657	1,885,940,685
Receivable against reverse repo	17	190,940,196	108,796,620
Receivable against margin financing	17	117,387,003	113,367,759
Bank balances	19	3,275,554,492	1,453,708,732
Short term debt securities	18.2	65,877,709	88,544,078
<b>Financial liabilities</b>			
<i>Variable rate instruments</i>			
Long term loans	25	11,484,000,000	10,300,000,000
Short term finances	31	1,165,647,311	3,932,066,154
<i>Fixed rate instruments</i>			
Lease liability against right of use assets	27	105,732,306	3,027,336

## Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect the consolidated statement of profit or loss.

## Cash flow sensitivity analysis for variable rate instruments

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

	Profit and loss 100 bps	
	Increase Rupees	Decrease Rupees
<b>As at 30 June 2024</b>		
Variable rate financial liabilities	(126,496,473)	126,496,473
Variable rate financial assets	37,445,983	(37,445,983)
<b>As at 30 June 2023</b>		
Variable rate financial liabilities	(142,320,662)	142,320,662
Variable rate financial assets	34,484,460	(34,484,460)

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

The above sensitivity is not necessarily indicative of the actual effect of changes in interest rate as those are based on management's best estimate of possible change of interest rate in future.

## c) Price risk

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

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

In addition to the above, the Group also has investments in unquoted securities, values of which are determined as mentioned in note 48.

### Sensitivity analysis

The table below summarizes the Group's equity price risk as of 30 June 2024 and 2023 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Accordingly, the sensitivity analysis prepared is not necessarily indication of the effect on Group's net assets of future movement in the level of PSX 100 index / trade rates.

Details of the financial instruments exposed to price risk are as follows:

				2024 (Rupees)	2023
Investments in unquoted equity shares				30,461,607	31,188,188
Investments in listed shares				7,279,016,292	6,377,779,240
	<b>Fair value at year end</b>	<b>Hypothetical price change</b>	<b>Estimated fair value after hypothetical change in prices</b>	<b>Hypothetical increase / (decrease) in shareholders' equity</b>	<b>Hypothetical increase / (decrease) in profit / (loss) before tax</b>
	----- (Rupees) -----				
<b>30 June 2024</b>	<b>7,309,477,899</b>	<b>30% increase 30% decrease</b>	<b>9,502,321,269 5,116,634,529</b>	<b>1,699,453,612 (1,699,453,612)</b>	<b>2,192,843,370 (2,192,843,370)</b>
30 June 2023	6,408,967,428	30% increase 30% decrease	8,331,657,656 4,486,277,200	1,490,084,927 (1,490,084,927)	1,922,690,228 (1,922,690,228)



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 47.4 Financial instruments by categories

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

	Mandatorily at FVTPL	FVOCI - Equity Instruments	Designated at FVTPL	Financial assets/liabilities at amortized cost
----- (Rupees) -----				
<b>30 June 2024</b>				
<b>Financial assets measured at fair value</b>				
Equity securities	7,279,016,292	-	30,461,607	-
Debt securities	4,004,152,921	-	65,877,709	-
<b>Financial assets not measured at fair value</b>				
Debt securities	-	-	-	798,161,476
Cash and bank balances	-	-	-	3,768,472,554
Trade debts	-	-	-	5,766,986,879
Long term deposits	-	-	-	12,069,963
Loans (long term and short term)	-	-	-	316,274,377
Accrued mark-up and other receivables	-	-	-	1,233,332,362
Deposits	-	-	-	191,452,247
	<b>11,283,169,213</b>	<b>-</b>	<b>96,339,316</b>	<b>12,086,749,858</b>
<b>Financial liabilities not measured at fair value</b>				
Long term loans	-	-	-	8,237,490,891
Land lease liability	-	-	-	43,581,663
Lease liability against right of use assets	-	-	-	105,732,306
Trade and other payables	-	-	-	3,717,948,719
Payable against purchase of investment - net	-	-	-	198,721,206
Unclaimed dividend	-	-	-	43,841,551
Short term borrowings	-	-	-	1,165,647,311
Loan from sponsor	-	-	-	800,000,000
Mark-up payable	-	-	-	264,357,754
	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,577,321,401</b>
	Mandatorily at FVTPL - Others	FVOCI - Equity Instruments	Designated at FVTPL	Financial assets/liabilities at amortized cost
----- (Rupees) -----				
<b>30 June 2023</b>				
<b>Financial assets measured at fair value</b>				
Equity securities	6,377,779,240	-	31,188,188	-
Debt securities	3,802,300,041	-	275,138,636	-
<b>Financial assets not measured at fair value</b>				
Debt securities	-	-	-	686,714,948
Cash and bank balances	-	-	-	1,644,267,507
Trade debts	-	-	-	4,897,902,353
Long term deposits	-	-	-	12,242,402
Loans (long term and short term)	-	-	-	1,885,940,685
Accrued mark-up and other receivables	-	-	-	1,449,757,558
Deposits	-	-	-	37,121,545
	<b>10,180,079,281</b>	<b>-</b>	<b>306,326,824</b>	<b>10,613,946,998</b>
<b>Financial liabilities not measured at fair value</b>				
Long term loans	-	-	-	11,268,435,371
Land lease liability	-	-	-	12,839,191
Lease liability against right of use assets	-	-	-	3,027,336
Trade and other payables	-	-	-	1,235,709,471
Unclaimed dividend	-	-	-	43,626,818
Short term borrowings	-	-	-	3,932,066,154
Mark-up payable	-	-	-	423,365,310
	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,919,069,651</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 47.5 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liability				Equity			Total
	Short term borrowings and sponsor loan used for cash management purpose including related accrued mark-up	Long term loan including related accrued mark-up	Lease liabilities against right-of-use assets	Land lease liability	Reserves	Unappropriated profit (reserve)	Non controlling interests	
(Rupees)								
Balance as at 1 July 2023	4,206,735,082	11,417,131,753	3,027,336	12,839,191	4,027,402,665	26,004,636,795	3,070,755,570	48,742,528,392
Changes from financing cash flows								
Repayment of loan	-	(2,874,500,000)	-	-	-	-	-	(2,874,500,000)
Lease rentals paid	-	-	(47,916,662)	(10,960,000)	-	-	-	(58,876,662)
non-controlling interest	-	-	-	-	-	-	(270,996,165)	(270,996,165)
Total changes from financing activities	-	(2,874,500,000)	(47,916,662)	(10,960,000)	-	-	(270,996,165)	(3,204,372,827)
Other changes								
Interest expense	708,831,685	984,581,361	24,593,833	3,995,623	-	-	-	1,722,002,502
Interest paid	(832,778,011)	(1,021,506,481)	-	-	-	-	-	(1,854,284,492)
Addition to lease liability	-	-	122,802,220	35,957,526	-	-	-	158,759,746
Termination / modifications to lease liabilities	-	-	3,225,579	-	-	-	-	3,225,579
Amortisation of land lease rent	-	-	-	1,749,323	-	-	-	1,749,323
Transaction cost relating to long term loan	-	89,055,520	-	-	-	-	-	89,055,520
Impact of revaluation of foreign liability	-	(245,500,000)	-	-	-	-	-	(245,500,000)
Acquisition of equity interest in subsidiary	-	-	-	-	-	995,762,895	(1,128,980,365)	(133,217,470)
Effect of scheme of arrangement	-	-	-	-	-	-	-	-
Changes in running finance - net	(1,964,554,953)	-	-	-	-	-	-	(1,964,554,953)
Total loan related other changes	(2,088,501,279)	(193,369,600)	150,621,632	41,702,472	-	995,762,895	(1,128,980,365)	(2,222,764,245)
Total equity related other changes	-	-	-	-	-	7,805,058,724	693,524,914	8,498,583,638
Balance as at 30 June 2024	2,118,233,803	8,349,262,153	105,732,306	43,581,663	4,027,402,665	34,805,458,414	2,364,303,954	51,813,974,958
Difference	-	-	-	-	-	-	-	-
Principal	1,965,647,311	8,237,490,891	105,732,306	43,581,663	-	-	-	-
Mark-up	152,586,492	111,771,262	-	-	-	-	-	-
Equity	-	-	-	-	4,027,402,665	34,805,458,414	2,364,303,954	-
	2,118,233,803	8,349,262,153	105,732,306	43,581,663	4,027,402,665	34,805,458,414	2,364,303,954	51,813,974,958

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

	Liability			Land lease liability	Reserves	Equity		Total
	Short term borrowings used for cash management purpose including related accrued mark-up	Long term loan including related accrued mark-up	Lease liabilities against right-of-use assets			Unappropriated profit (reserve)	Non controlling interests	
	----- (Rupees) -----							
Balance as at 1 July 2022	4,544,049,864	10,067,885,438	25,339,668	12,454,657	4,035,000,165	23,920,777,173	3,570,144,157	46,175,651,122
Changes from financing cash flows								
Repayment of loan	-	(2,612,200,000)	-	-	-	-	-	(2,612,200,000)
Repayment of loan under SBP scheme	-	(9,654,142)	-	-	-	-	-	(9,654,142)
Lease rentals paid	-	-	(22,633,124)	(1,360,000)	-	-	-	(23,993,124)
Dividend paid	-	-	-	-	-	(1,633,500,000)	-	(1,633,500,000)
non-controlling interest	-	-	-	-	-	-	(349,107,891)	(349,107,891)
<b>Total changes from financing activities</b>	-	(2,621,854,142)	(22,633,124)	(1,360,000)	-	(1,633,500,000)	(349,107,891)	(4,628,455,157)
<i>Other changes</i>								
Interest expense	871,386,681	1,256,423,116	1,462,155	-	-	-	-	2,129,271,952
Interest paid	(718,004,082)	(1,191,131,612)	-	-	-	-	-	(1,909,135,694)
Termination / modifications to lease liabilities	-	-	(1,141,363)	-	-	-	-	(1,141,363)
Transfer from revaluation reserve to retained earnings	-	-	-	-	(7,597,500)	7,597,500	-	-
Amortisation of land lease rent	-	-	-	1,744,534	-	-	-	1,744,534
Disposal of subsidiary	-	-	-	-	-	-	(15,598,595)	(15,598,595)
Transaction cost relating to long term loan	-	109,608,953	-	-	-	-	-	109,608,953
Impact of revaluation of foreign liability	-	3,796,200,000	-	-	-	-	-	3,796,200,000
Acquisition of equity interest in subsidiary without change in control	-	-	-	-	-	299,595,480	(532,934,841)	(233,339,361)
Changes in running finance - net	(490,697,381)	-	-	-	-	-	-	(490,697,381)
Total loan related other changes	(337,314,782)	3,971,100,457	320,792	1,744,534	(7,597,500)	307,192,980	(548,533,436)	3,386,913,045
<b>Total equity related other changes</b>	-	-	-	-	-	3,410,166,642	398,252,740	3,808,419,382
<b>Balance as at 30 June 2023</b>	<b>4,206,735,082</b>	<b>11,417,131,753</b>	<b>3,027,336</b>	<b>12,839,191</b>	<b>4,027,402,665</b>	<b>26,004,636,795</b>	<b>3,070,755,570</b>	<b>48,742,528,392</b>
Difference	-	-	-	-	-	-	-	-
Principal	3,932,066,154	11,268,435,371	3,027,336	12,839,191	-	-	-	-
Mark-up	274,668,928	148,696,382	-	-	-	-	-	-
Equity	-	-	-	-	4,027,402,665	26,004,636,795	3,070,755,570	-
	<b>4,206,735,082</b>	<b>11,417,131,753</b>	<b>3,027,336</b>	<b>12,839,191</b>	<b>4,027,402,665</b>	<b>26,004,636,795</b>	<b>3,070,755,570</b>	<b>48,742,528,392</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 48. FAIR VALUE MEASUREMENTS

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

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

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

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

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





# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

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

	Unlisted debt instruments		Unlisted equity instruments	
	2024 Rupees	2023 Rupees	2024 Rupees	2023 Rupees
<b>Balance at 1 July</b>	941,400,000	600,000,000	31,188,188	42,745,423
Investment made during the year	406,698,960	-	-	9,006,818
Shares swapped with quoted securities				(15,251,920)
Transfers from Level 2 to Level 3	1,800,177,880	-	-	-
Total gains / (loss) recognised in consolidated statement of profit or loss on remeasurement of investment	(350,106,229)	341,400,000	(6,338,061)	(5,312,133)
<b>Balance at 30 June</b>	<b>2,798,170,611</b>	<b>941,400,000</b>	<b>24,850,127</b>	<b>31,188,188</b>

Fair value of financial instruments not measured at fair values have not been disclosed as these are either short term in nature or repriced periodically. Accordingly, the management is of the view that the carrying amount of these instruments approximate their fair values.

**48.1** The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the consolidated statement of financial position, as well as the significant unobservable inputs used.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

Assets measured at fair value	Date of valuation	Valuation approach and assumptions
<b>Non-financial assets at fair value</b>		
Investment properties Level 2	30 June 2024	The valuation approach is based on the rates per square yard on which the properties would be sold on the date of valuation. In determining the valuation, development progress, market condition, sale price, potential future value, location, identification of plot, approach to area, utilities / services, size of plots and other factors have been considered. Potential values was mainly considered due to inherent value of land which may enhance with passage of time or in some alternative use within sight. Further, the inherent quality of the property itself create condition for its particular suitability for such better use. The consideration of potential value becomes relevant in such situation.
<b>Financial assets at fair value</b>		
Equity securities unquoted Level 3	30 June 2024	This investment is valued using the discounted cashflow technique. The valuation model considers the present value of future cash flow of investee company, ISE Towers REIT Management Company Limited (ISE) discounted using a risk-adjusted discount rate. The cash flow projection include specific estimates for 5 years.
Term Finance Certificates (TFCs) Level 2	30 June 2024	This investment is valued using market comparison approach. The fair value is determined considering trade notes quoted by MUFAP.
Silk Islamic Development REIT (SIDR) Level 3	30 June 2024	The investment is valued on fair value basis using the discounted cashflow technique, considering the progress on the project. This method considers the present value of all future proceeds from SIDR, discounted using a risk adjusted discount rate which is taken at 17.92%. The cash flow projections include specific estimates for the entire life of the project which is estimated to be 10 years from the balance sheet date. Further, discounting due to lack of marketability factor (DLOM) is taken at 25% on the present value of all future proceeds.
Naya Nazimabad Apartment REIT (NNR) Level 3	30 June 2024	The investment is valued on fair value basis using the discounted cashflow technique, considering the progress on the project. This method considers the present value of all future proceeds from NNR, discounted using a risk adjusted discount rate which is taken at 17.92%. The cash flow projections include specific estimates for the entire life of the project which is estimated to be 7 years from the balance sheet date. Further, discounting due to lack of marketability factor (DLOM) is taken at 25% on the present value of all future proceeds.
Rahat Residency REIT (RRR) Level 3	30 June 2024	The investment is valued on fair value basis using the discounted cashflow technique, considering the progress on the project. This method considers the present value of all future proceeds from RRR, discounted using a risk adjusted discount rate which is taken at 17.92%. The cash flow projections include specific estimates for the entire life of the project which is estimated to be 5 years from the balance sheet date. Further, discounting due to lack of marketability factor (DLOM) is taken at 25% on the present value of all future proceeds.
Signature Residency REIT (SRR) Level 3	30 June 2024	The investment is valued on fair value basis using the discounted cashflow technique, considering the progress on the project. This method considers the present value of all future proceeds from SRR, discounted using a risk adjusted discount rate which is taken at 17.92%. The cash flow projections include specific estimates for the entire life of the project which is estimated to be 4 years from the balance sheet date. Further, discounting due to lack of marketability factor (DLOM) is taken at 25% on the present value of all future proceeds.
JCL Musharaka Arrangement Level 3	30 June 2024	The investment is valued on fair value basis using the discounted cashflow technique, considering the progress on the project. This method considers the present value of all future sales proceeds from apartments in the REIT, discounted using a risk adjusted discount rate which is taken at 21.39%. Cashflows are based estimates of the future sale prices of the apartments in the REIT.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## Valuation inputs and relationships to fair value

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

Assets measured at fair value	Unobservable inputs		Relationship of unobservable inputs to fair value
Equity securities unquoted	Long term growth rate	5%	The higher the long term growth, the higher the fair value.
Level 3	Long term return on equity	15.20%	The higher the long term return on equity, the lower the fair value.
Silk Islamic Development REIT (SIDR)	Risk-adjusted discount rate	16.92% - 18.92% (17.92%)	1% increase in the risk adjusted discount rate would result in decrease in fair value by Rs. 63.60 million; 1% decrease in the risk adjusted discount rate would result in increase in fair value by Rs. 58.20 million as at 30 June 2024.
Level 3	Discount for lack of marketability (DLOM)	22% - 28% (25%)	3% increase / (decrease) in DLOM factor would result in increase / (decrease) in fair value by Rs. 34.80 million as at 30 June 2024.
Naya Nazimabad Apartment REIT ("NNR")	Risk-adjusted discount rate	16.92% - 18.92% (17.92%)	1% increase in the risk adjusted discount rate would result in decrease in fair value by Rs. 26.14 million; 1% decrease in the risk adjusted discount rate would result in increase in fair value by Rs. 64.15 million as at 30 June 2024.
	Discount for lack of marketability (DLOM)	22% - 28% (25%)	3% increase / (decrease) in DLOM factor would result in increase / (decrease) in fair value by Rs. 37.06 million as at 30 June 2024.
Rahat Residency REIT ("RRR")	Risk-adjusted discount rate	16.92% - 18.92% (17.92%)	1% increase in the risk adjusted discount rate would result in decrease in fair value by Rs. 23.79 million; 1% decrease in the risk adjusted discount rate would result in increase in fair value by Rs. 25.05 million as at 30 June 2024.
	Discount for lack of marketability (DLOM)	22% - 28% (25%)	3% increase / (decrease) in DLOM factor would result in increase / (decrease) in fair value by Rs. 23.52 million as at 30 June 2024.
Signature Residency REIT ("SRR")	Risk-adjusted discount rate	16.92% - 18.92% (17.92%)	1% increase in the risk adjusted discount rate would result in decrease in fair value by Rs. 2.64 million; 1% decrease in the risk adjusted discount rate would result in increase in fair value by Rs. 2.72 million as at 30 June 2024.
	Discount for lack of marketability (DLOM)	22% - 28% (25%)	3% increase / (decrease) in DLOM factor would result in increase / (decrease) in fair value by Rs. 5.38 million as at 30 June 2024.
JCL Musharaka Arrangement	Risk-adjusted discount rate	20.39% - 22.39% (21.39%)	1% increase in the risk adjusted discount rate would result in decrease in fair value by Rs. 1.95 million; 1% decrease in the risk adjusted discount rate would result in increase in fair value by Rs. 1.97 million as at 30 June 2024.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 49. CAPITAL MANAGEMENT

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

49.2 The Capital adequacy level of AHL as required by CDC is calculated as follows:

	2024	2023
	(Rupees)	
Total assets	5,679,897,459	7,785,988,851
Less: total liabilities	(4,406,715,719)	(2,790,978,661)
Less: revaluation reserves (created upon revaluation of - fixed assets)	(7,835,000)	(7,835,000)
Capital adequacy level	<u>1,265,346,740</u>	<u>4,987,175,190</u>

While determining the value of the total assets of the TREC holder, notional value of the TRE certificate as at year ended as determined by Pakistan Stock Exchange has been considered.

## 50. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprises of the Group companies, directors and their close family members, major shareholders of the Group, key management personnel and staff provident fund. Transactions with related parties are carried out at rates agreed under the agreement / contract.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The Group considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-executive Director and Departmental Heads to be its key management personnel. Remuneration and benefits to executives of the Group are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration of chief executive, directors and executives (key management personnel) are disclosed in note 44 to these consolidated financial statements.

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

Name of the related party	Transactions during the year	2024	2023
		(Rupees)	
Associates			
Fatima Fertilizer Company Limited	Dividend received	1,520,463,774	1,116,500,721
	Markup on loan	146,295,011	157,204,633
	Loan repayment	813,153,536	-
MCB - Arif Habib Savings and Investments Limited	Dividend received	-	21,664,167
Safe Mix Concrete Limited	Loan repaid	-	18,118,274
	Markup on loan	-	579,859

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

Name of the related party	Transactions during the year	2024 (Rupees)	2023
<i>Associated companies by virtue of common directorship and other related parties</i>			
Aisha Steel Mills Limited	Loan extended	3,550,000,000	8,160,000,000
	Loan repaid	3,550,000,000	8,188,433,492
	Markup on loan	62,960,742	186,601,145
	Guarantee commission	1,302,456	1,302,456
Power Cement Limited	Guarantee commission	847,680	847,680
Javedan Corporation Limited	Mark-up income on loan	114,080,768	38,186,056
	Loan extended	5,200,000,000	966,250,000
	Loan obtained	-	750,000,000
	Loan repaid	5,966,250,000	1,550,000,000
	Loan receivable	-	966,250,000
	Dividend income/received	257,304,702	152,244,468
	Received against sale of investment property	5,126,734	-
	Brokerage commission on sale of securities	-	566,918
	Development charges paid	-	12,957,220
	Trade receivable at year end	270,192	244,692
	Mark-up receivable	-	30,690,166
	Receivable against sale of investment property	-	5,126,734
	Arif Habib Dolmen REIT Management Limited	Trade Receivable	2,456
Trade payable		-	44
Globe Residency REIT	Amount paid against purchase of residential flats	-	183,806,134
	Revenue earned	-	829,829
	Advance against committed sale of investment property	-	248,749,014
Signature Residency REIT	Advance given for the purchase of units	-	133,298,960
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of utilities, insurance and maintenance charges	54,081,380	51,633,460



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

Name of the related party	Transactions during the year	2024	2023
		(Rupees)	
<b>Associated companies by virtue of common directorship and other related parties</b>			
	Brokerage Commission Earned	-	284,286
	Payable against monthly expense	-	1,024,446
	Trade Receivable	43,550	-
Arif Habib Securities Limited - Employees Provident Fund	Contribution paid	3,678,802	3,399,607
Arif Habib Equity (Private) Limited	Brokerage Commission Earned	857,821	1,882,801
	Trade Receivable	35,464	-
Arif Habib Limited - Provident Fund	Contribution paid	11,983,668	10,658,679
<b>Key management personnel</b>			
Mr. Arif Habib (CEO of the Parent Company)	Dividend paid	5	1,315,683,868
	Brokerage commission earned	7,590,190	2,891,069
	Loan obtained	800,000,000	2,412,700,000
	Loan repaid	-	2,412,700,000
	Markup on loan charged	1,863,890	21,130,862
	Markup payable	1,863,890	4,723,973
	Trade Receivable	30,318	23,238
Mr. Asadullah Khawaja (Director of Parent Company)	Meeting fee paid	250,000	200,000
	Dividend Paid	-	324,024
Ms. Zeba Bakhtiar (Director of Parent Company)	Meeting fee paid	250,000	200,000
	Dividend Paid	-	400
Mr. Khawaja Jalaluddin Roomi (ex- Director of Parent Company)	Meeting fee paid	75,000	275,000
	Dividend Paid	-	12,946,000
Mr. Khawaja Najam Ud Din Roomi (Director of Parent Company)	Meeting fee paid	275,000	-
Zafar Alam (Chairman of subsidiary company)	Brokerage Commission earned	412,257	77,818
	Balance payable at year end	51,359	3,726

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

Name of the related party	Transactions during the year	2024	2023
		(Rupees)	
<i>Associated companies by virtue of common directorship and other related parties</i>			
Muhammad Shahid Ali (CEO of Subsidiary Company)	Brokerage commission earned	12,062,351	9,867,252
	Balance payable at year end	249,003,382	60,409,046
Muhammad Haroon (Director of subsidiary company)	Brokerage commission earned	464,832	283,438
	Balance payable at year end	17,055	-
Sharmin Shahid (Director of subsidiary company)	Brokerage commission earned	500,000	102,551
	Balance receivable at year end	43,263	4,186
Nida Ahsan (Director of subsidiary company)	Brokerage commission earned	1,012,821	1,040,280
	Balance payable at year end	24,341	24,641
	Balance receivable at year end	3,788	684
Mohsin Madni (CFO Parent Company & Director Subsidiary Company)	Brokerage commission earned	160,166	15,652
	Balance payable at year end	289,099	109,517
Samad A. Habib (Director of Parent Company)	Brokerage commission earned	630,889	666,540
	Dividend paid	-	4,024
	Balance receivable at year end	87,860	576,799
	Meeting Fee Paid	250,000	-
Kashif A. Habib (Director of Parent Company)	Brokerage commission earned	6,500	54,876
	Balance receivable at year end	244	-
	Dividend paid	-	141,160
	Balance payable at year end	-	1,879
	Meeting Fee Paid	325,000	-
Mr. Nasim Beg (Director of Parent Company)	Dividend paid	-	8,312
	Comission paid	-	21,664,167
	Meeting Fee Paid	250,000	-
Mr. Muhammad Ejaz (Director of Parent Company)	Dividend paid	-	484
	Meeting Fee Paid	350,000	-
Ahsan Mehnti (Director of Subsidiary Company)	Commission payable	-	3,472,972
Muhammad Sohail Salat (Director of Subsidiary Company)	Balance receivable	1,899	1,199

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 51. SEGMENT INFORMATION

For management purposes, the Group is organized into following major business segments:

<b>Capital market operations</b>	Principally engaged in trading of equity securities and maintaining strategic and trading portfolios.
<b>Brokerage</b>	Principally engaged in brokerage, underwriting, corporate consultancy, research and corporate finance services.
<b>Energy Development</b>	Principally engaged in energy development.
<b>Others</b>	Others includes assets of RCPL

	2024				
	Capital market operations	Brokerage	Energy Development	Others	Consolidated
	(Rupees)				
Revenue	1,213,714,858	1,454,971,384	7,246,976,028	43,112,931	9,958,775,201
Gain on remeasurement of investments - net	212,579,279	(19,677,661)			192,901,618
Gain / (loss) on remeasurement of investment property	13,500,000	(849,029)	-	-	12,650,971
Gain on sale of securities - net	387,985,101	377,202,313	-	-	765,187,414
Gain on sale of investment properties	-	749,029	-	-	749,029
	1,827,779,238	1,812,396,036	7,246,976,028	43,112,931	10,930,264,233
Cost of energy sales	-	-	(1,945,518,459)	-	(1,945,518,459)
Administrative expenses	(170,024,421)	(1,002,573,665)	(449,917,751)	(37,096,536)	(1,659,612,372)
	1,657,754,817	809,822,371	4,851,539,818	6,016,395	7,325,133,402
Other income	-	67,596,664	3,649,770	1,977,127	73,223,561
	1,657,754,817	877,419,035	4,855,189,588	7,993,522	7,398,356,963
Finance cost and other charges	(652,311,500)	(112,672,914)	(1,077,861,060)	(20,140)	(1,842,865,614)
	1,005,443,317	764,746,121	3,777,328,528	7,973,382	5,555,491,349
Share of profit from equity accounted associates - net of tax	4,768,956,103	-	-	-	4,768,956,103
<b>Segment results</b>	5,774,399,420	764,746,121	3,777,328,528	7,973,382	10,324,447,452
Taxation	(1,587,047,196)	(153,328,852)	(69,098,330)	(1,265,465)	(1,810,739,843)
<b>Profit after tax</b>	4,187,352,224	611,417,269	3,708,230,198	6,707,917	8,513,707,609

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

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

	2024				Consolidated
	Capital market operations	Brokerage	Energy Development	Others	
	(Rupees)				
<b>Other information</b>					
Segment assets	17,645,582,552	4,820,669,682	22,930,551,056	48,517,777	45,445,321,067
Investment in equity accounted associates	19,528,823,031	-	-	-	19,528,823,031
	37,174,405,583	4,820,669,682	22,930,551,056	48,517,777	64,974,144,098
<b>Segment liabilities</b>	7,021,781,030	4,369,129,809	8,962,467,906	(793,367,150)	19,560,011,595
Capital expenditure	1,975,874	5,371,167	1,301,729	1,232,000	9,880,770
Depreciation and amortisation	17,875,412	40,297,001	1,332,611,060	651,197	1,391,434,670
Expenses other than depreciation and amortisation	(152,149,009)	(962,276,664)	(1,062,825,150)	(36,445,339)	(2,213,696,162)

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

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

	2024	2023
	(Rupees)	
<b>Reconciliations of reportable segment revenues, profit or loss</b>		
<b>Operating revenues</b>		
Total revenue for reportable segments	<b>12,900,211,394</b>	10,590,610,376
Elimination of inter-segment revenue	<b>(2,941,436,193)</b>	(2,640,785,476)
Consolidated revenue	<b>9,958,775,201</b>	7,949,824,900
<b>Profit or loss</b>		
Total profit or loss before tax for reportable segments	<b>13,756,832,234</b>	1,647,605,436
Elimination of inter-segment revenue / expense	<b>(5,243,124,623)</b>	2,166,224,747
Consolidated profit before tax	<b>8,513,707,610</b>	3,813,830,183

## 51.1 CAPACITY AND PRODUCTION

	2024	2023
	(Megawatt hours)	
Sachal Energy Development (Private) Limited		
Annual benchmark energy	<b>136,500</b>	136,500
Actual energy delivered	<b>126,400</b>	108,554

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



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June 2024

## 52. NUMBER OF EMPLOYEES

### Parent Company:

Number of employees as at 30 June

Average number of employees

2024  
(Rupees) 2023

(Rupees)

23 25

24 24

### Subsidiary Company, AHL:

Number of employees as at 30 June

Average number of employees

154 168

161 163

### Subsidiary Company, RCPL:

Number of employees as at 30 June

Average number of employees

14 14

14 13

### Subsidiary Company, BGPL:

Number of employees as at 30 June

Average number of employees

3 3

3 3

### Subsidiary Company, SEDPL:

Number of employees as at 30 June

Average number of employees

54 55

54 56

## 53. NON ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors of the Parent Company has proposed a cash dividend of Rs. 7 (2023: Rs. Nil) per share amounting to Rs. 2,951,877,229 (2023: Rs. Nil) at its meeting held on 31 October 2024 for the approval of the members at the annual general meeting to be held on 27 November 2024. These consolidated financial statements for the year ended 30 June 2024 do not include the effect of the proposed final cash dividend which will be accounted in the year ending 30 June 2025.

The Board of Directors of AHL has proposed a final cash dividend of Rs. 5 (2023: Rs. 2.5) per share amounting to Rs. 326,700,000 (2023: Rs. 163,350,000) at its meeting held on 30 October 2024 for the approval of the members at the annual general meeting to be held on 27 November 2024. These consolidated financial statements for the year ended 30 June 2024 do not include the effect of the proposed final cash dividend which will be accounted in the year ending 30 June 2025.

The Board of Directors of SEDPL in their meeting held on 22 August 2024 have recommended a cash dividend of Rs. Nil (2023: Rs. 2.5) per share, amounting to Rs. Nil (2023: Rs. 800 million), subject to necessary consent, for approval of shareholders in Annual General Meeting.

## 54. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been authorised for issue on 31 October 2024 by the Board of Directors of the Parent Company.



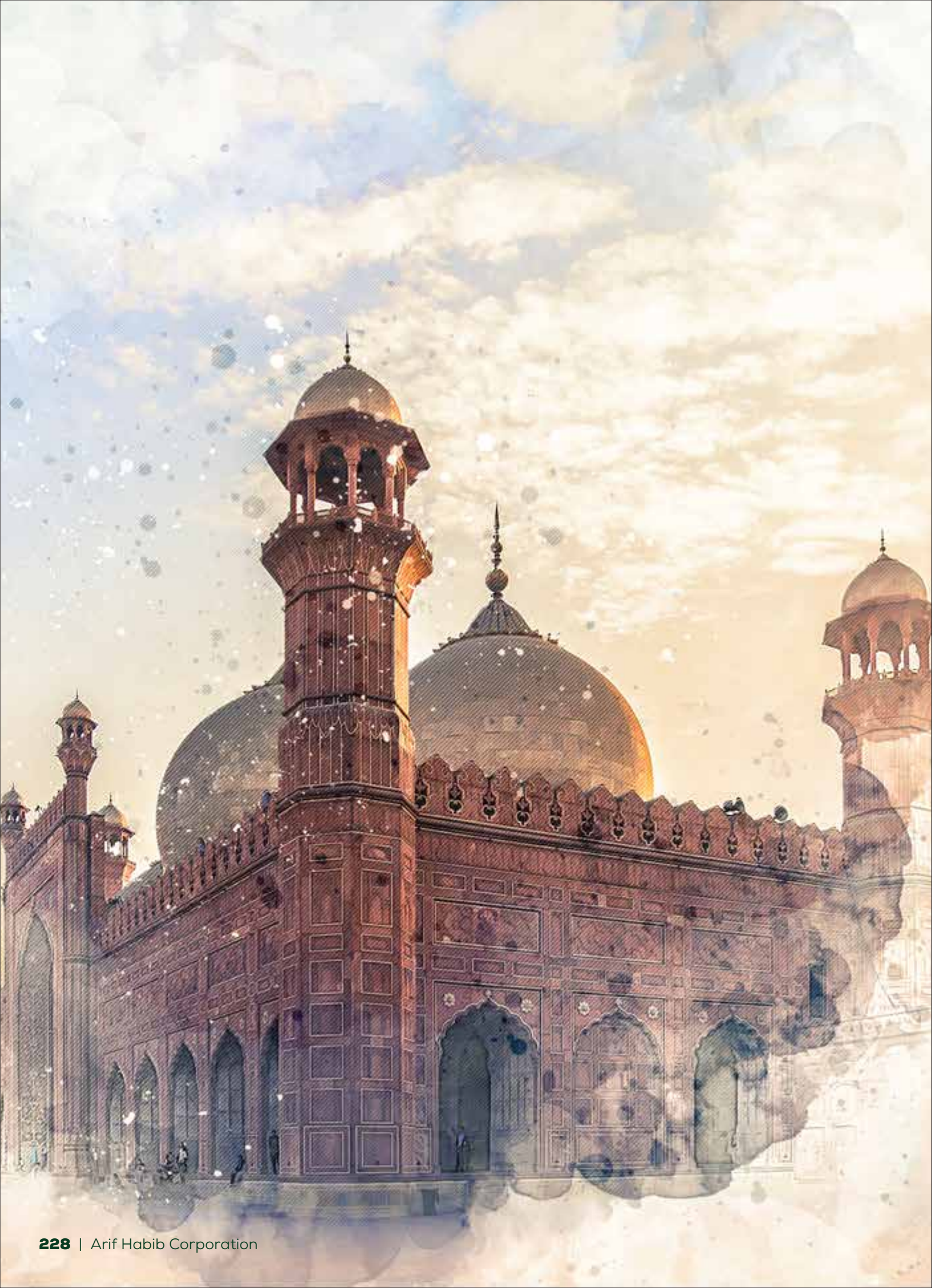
Chief Executive Officer



Director



Chief Financial Officer





# Corporate Calendar of Major Events

## RESULTS

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

For the Financial Year ending on 30<sup>th</sup> June 2025, Financial Results will be announced as per the following tentative schedule:



## ISSUANCE OF ANNUAL REPORT

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

## 30<sup>th</sup> ANNUAL GENERAL MEETING

The 30<sup>th</sup> Annual General Meeting of the Shareholders of Arif Habib Corporation Limited (the Company) will be held on Wednesday, 27<sup>th</sup> November 2024 at 11:30 a.m. at the PSX Auditorium, Stock Exchange Building, Stock Exchange Road, Karachi.

## CASH DIVIDEND

A final Cash Dividend for the year ended 30<sup>th</sup> June 2024 at Rs. 7.00 per share i.e. 70 % is recommended by the Board of Directors. Subject to the approval by members in the Annual General Meeting, the date of entitlement of cash dividend shall be day end of 27<sup>th</sup> November 2024, and the company expects to pay the final dividend on or before 27<sup>th</sup> November 2024, being the statutory limit of 15 working days from the date of General Meeting in which the dividend is approved.

# Shareholders' Information

## REGISTERED & CORPORATE OFFICE

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

## SHARE REGISTRAR OFFICE

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

## LISTING ON STOCK EXCHANGE

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

## STOCK CODE

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

## INVESTOR SERVICE CENTRE

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

## CONTACT PERSONS:

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

Mr. Muhammad Sarwar Dayala  
Tel: (92-21) 111-111-500 (Ext 3423)  
Email: muhammad\_sarwar@cdcrsl.com

## STATUTORY COMPLIANCE

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

## BOOK CLOSURE DATES

Share transfer books of the Company will remain closed from 13<sup>th</sup> November 2024 to 15<sup>th</sup> November 2024 (both days inclusive). Transfers received in order at the office of our registrar: M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi [ AHCL's Share Registrar (CDCSRSL) ], by the close of business on Tuesday, 12<sup>th</sup> November 2024 will be treated in time for the determination of entitlement of shareholders to cash dividend and to attend and vote at the AGM.

**Note:**

The 13,321,747 AHCL Shares of the Company allotted by AHCL Board in accordance with the Scheme of Arrangement between AHCL, AHL, and their respective members, as sanctioned by the Honorable High Court of Sindh, to the eligible shareholders of AHL as of the Record Date of 31<sup>st</sup> October 2024 are also entitled to the final Cash Dividend of AHCL for the year ended 30<sup>th</sup> June 2024, recommended to be approved in the AHCL AGM. Further, these AHCL shares shall also be entitled to attend and vote at the AGM.

**LEGAL PROCEEDINGS**

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

**GENERAL MEETINGS & VOTING RIGHTS**

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

**PROXIES**

Pursuant to Section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at General Meeting of the Company can appoint another member as his/her proxy to attend and vote at the meeting.

Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy. The instrument appointing proxy, duly signed by the shareholder should be deposited at the registered office of the Company not less than 48 hours before the meeting.

**WEB PRESENCE**

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

**SHAREHOLDING PATTERN**

The shareholding pattern of the equity share capital of the Company as on 30<sup>th</sup> June 2024 along with categories of shareholders are given on page 35 of this report.



# Notice of Thirtieth Annual General Meeting

Notice is hereby given that the Thirtieth Annual General Meeting (AGM) of the Shareholders of Arif Habib Corporation Limited (the Company) will be held on Wednesday, 27<sup>th</sup> November 2024 at 11:30 a.m. at PSX Auditorium, Stock Exchange Building, Stock Exchange Road, Karachi to transact the following business:

## Ordinary Business

- 1) To confirm minutes of the Extra Ordinary General Meeting held on 1<sup>st</sup> June 2024.
- 2) To receive, consider and adopt annual audited financial statements of the Company together with the Directors' and the Auditors' Reports thereon for the year ended 30<sup>th</sup> June 2024 together with the Audited Consolidated Financial Statements of the Company and the Auditors' Reports thereon for the year ended 30<sup>th</sup> June 2024.

In accordance with Section 223 of the Companies Act, 2017, and pursuant to SRO 389(I)/2023 dated 21<sup>st</sup> March 2023, as well as the approval granted by shareholders at the AGM held on 28<sup>th</sup> October 2023, the financial statements of the Company have been uploaded to the Company's website and can be downloaded via the following weblink or QR code :

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



- 3) To appoint the Auditors for the year ending 30<sup>th</sup> June 2025 and fix their remuneration. The Board of Directors has recommended for reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants as external auditors.
- 4) To consider and approve final Cash Dividend for the year ended 30<sup>th</sup> June 2024 at Rs.7.00 per share i.e. 70% as recommended by the Board of Directors.

## Special Business

- 5) To approve the following in connection with transactions with related parties:
  - i- ratification and approval of related parties transactions / arrangements / agreements / balances as disclosed in audited financial statements for the year ended 30<sup>th</sup> June 2024
  - ii- authorize the Board of Directors of the Company to approve those transactions with related parties (if executed) during the financial year ending 30<sup>th</sup> June 2025 or upto the next annual general meeting, which require approval of shareholders u/s 207 and / or 208 of the Companies Act, 2017

by passing the following special resolutions with or without modification:

**Resolved that**, the transactions / arrangements / agreements / balances with related parties as disclosed in the audited financial statements for the year ended 30<sup>th</sup> June 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 for the financial year ending 30<sup>th</sup> June 2025 or upto the next annual general meeting.

**Further resolved that**, the transactions approved by the Board shall be deemed to have been approved by the shareholders u/s 207 and / or 208 of the Companies Act, 2017 (if triggered) and shall be placed before the shareholders in the next annual general meeting for their formal ratification / approval u/s 207 and / or 208 of the Companies Act, 2017 (if required).

6) To consider and if deemed fit, to pass the following Special Resolutions with or without modification(s):

**Investment in Associated Companies & Associated Undertakings**

**Resolved that**, the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, for:

- fresh limit of additional investments amounting to Rs.386 Million for equity and Rs.1,000 Million for loans, advances, running finance, guarantee, indemnity, pledge of shares etc. be allocated for the Arif Habib Limited (subsidiary company), subject to the terms and conditions as mentioned in Annexure-B of Statement under Section 134(3), valid for a period upto next annual general meeting, which shall be renewable thereon for further period(s) as specified.
- renewal of following unutilised limits of equity investment, and sanctioned limits of loans / advances / guarantees etc. in associated companies and associated undertakings, for which approval has been sought in previous general meeting(s), as mentioned in detail in the Annexure-C of statement under Section 134(3), for a period upto next annual general meeting, unless specifically approved for a longer period, and shall be renewable thereon for further period(s) as specified.

Sr.	Name of Associated Companies & Undertakings	-----Amount in million-----	
		Renewal Requested	
		Unutilized Equity Portion	Sanctioned Loan/ Advance/ Guarantee etc.
		PKR	PKR / USD
1	Javedan Corporation Ltd.	2,059	PKR 3,132
2	Arif Habib Ltd.	114	PKR 5,500
3	Fatima Fertilizer Company Ltd.	2,800	PKR 2,000
4	Rotocast Engineering Co. (Pvt.) Ltd.	300	PKR 500
5	Arif Habib Dolmen REIT Management Ltd.	1,000	PKR 500
6	Aisha Steel Mills Ltd.	3,706	PKR 8,103 plus USD 80
7	Power Cement Ltd.	3,697	PKR 1,500 plus USD 49
8	Sachal Energy Development (Pvt.) Ltd.	754	PKR 1,000 plus USD 100
9	Safe Mix Concrete Ltd.	200	PKR 250
10	REIT Schemes under management of Arif Habib Dolmen REIT Management Ltd.	* 11,507	*

**Further resolved that**, the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 that:

- investments in associated companies transferred pursuant to the sanction of the Scheme of Arrangement by the Honourable High Court of Sindh pertaining to, inter alia, the demerger of certain non-core business, including assets, liabilities and obligations, from Arif Habib Limited (AHL) and the merger / amalgamation of the same with and into Arif Habib Corporation Limited (AHCL), being the holding company of AHL, along with ancillary matters, be and is hereby approved.
- \*unutilized investment limit of Rs.11,507 Million for the REIT Schemes under management of Arif Habib Dolmen REIT Management Ltd. (associated company), be hereby approved to be continue to be utilized in any form / nature of investment including equity, loans, advances, running finance, guarantee, indemnity, pledge of shares etc.

**Further resolved that**, the Chief Executive and/or any two directors jointly and/or any one director and Chief Financial Officer / Company Secretary jointly, be and are hereby authorized to take and do, and/or cause to be taken or done, any/all necessary actions, deeds and things which are or may be necessary for giving effect to the aforesaid resolutions and to do all acts, matters, deeds, and things which are necessary, incidental and/or consequential to the investment of the Company's funds as above, as and when required at the time of investment, including but not limited to negotiating and executing any necessary agreements/documents, and any ancillary matters thereto.

### **Any Other Business**

7) To consider any other business with the permission of the Chair.

A Statement under Section 134(3) of the Companies Act 2017 pertaining to the special businesses is being sent to the shareholders along with this notice.

By order of the Board

**Manzoor Raza**  
Company Secretary

Karachi: 6<sup>th</sup> November 2024

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### **Notes:**

1. Share transfer books of the Company will remain closed from 13<sup>th</sup> November 2024 to 15<sup>th</sup> November 2024 (both days inclusive). Transfers received in order at the office of our registrar: M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi [ AHCL's Share Registrar (CDCSRSL) ], by the close of business on Tuesday, 12<sup>th</sup> November 2024 will be treated in time for the determination of entitlement of shareholders to cash dividend and to attend and vote at the AGM.

### **Note:**

In accordance with the Scheme of Arrangement between AHCL, AHL, and their respective members, as sanctioned by the Honorable High Court of Sindh by Order dated 21<sup>st</sup> October 2024, the AHCL Board has allotted 13,321,747 shares of the Company to the eligible shareholders of AHL as of the Record Date of 31<sup>st</sup> October 2024. As the issuance process may take time to complete, the Board also resolved that these shares allotted and to be issued to shareholders of AHL as of the Record Date, will also be entitled to the final Cash Dividend for the year ended 30<sup>th</sup> June 2024 recommended to be approved under Agenda # 4 of this AGM Notice. Further, these AHCL shares shall also be entitled to attend and vote at the AGM.

2. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
3. Procedure including the guidelines as laid down in Circular No. I- Reference No. 3(5-A) Misc/ARO/LES/96 dated 26<sup>th</sup> January 2000 issued by Securities & Exchange Commission of Pakistan:
  - i. Members, proxies or nominees shall authenticate their identity by showing their original national identity card or original passport and bring their folio numbers at the time of attending the meeting.
  - ii. In the case of corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.
  - iii. In order to be effective, the proxy forms must be received at the registered office of the company not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.
  - iv. In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - v. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy form.

#### 4. Online Participation in the Annual General Meeting

In order to maximize the member's participation, the Company is convening this AGM via video link in addition to holding physical meeting with shareholders. Accordingly, those members and participants who desire online participation in the AGM are requested to register themselves by sending an email along with following particulars and valid copy of both sides of their CNIC at [corporate.affairs@arifhabibcorp.com](mailto:corporate.affairs@arifhabibcorp.com) with subject of 'Registration for AHCL AGM 2024' not less than 48 hours before the time of the meeting:

Name of Shareholder	CNIC No.	Folio No. / CDC Account No.	Cell No.	Email Address

Video Link to join the AGM will be shared with only those Members whose emails, containing all the required and correct particulars, are received at [corporate.affairs@arifhabibcorp.com](mailto:corporate.affairs@arifhabibcorp.com). The Shareholders can also provide their comments and questions for the agenda items of the AGM on this email address and WhatsApp Number 0311-2706624.

#### 5. Provision of Video Link Facility:

If the Company receives a demand (at least 7 days before the date of meeting) from shareholder(s) holding an aggregate 10% or more shareholding residing in any other city, to participate in the meeting through video link, the Company will arrange video link facility in that city.

Shareholders, who wish to participate through video-link facility, are requested to fill in Video Link Facility Form available at Company's website and send a duly signed copy to the Registered Address of the Company. It may be noted that no person other than the member or proxy holder can attend the meeting through video link facility.

#### 6. Vote Casting In-Person or Through Proxy

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

#### 7. E-Voting / Postal Ballot

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

##### i) E-Voting Procedure

- (a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on 12<sup>th</sup> November 2024.
- (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 22<sup>nd</sup> November 2024, 9:00 a.m. and shall close on 26<sup>th</sup> November 2024 at 5:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a member, he / she shall not be allowed to change it subsequently.

## ii) Postal Ballot

- (a) Members may alternatively opt for voting through postal ballot. Ballot Paper shall also be available for download from the website of the Company at [www.arifhabibcorp.com](http://www.arifhabibcorp.com) or use the same as annexed to this Notice and published in newspapers.
- (b) The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at Arif Habib Centre, 23 M. T. Khan Road, Karachi (Attention of the Company Secretary) OR through the registered email address of shareholder at [chairman.generalmeeting@arifhabibcorp.com](mailto:chairman.generalmeeting@arifhabibcorp.com) with subject of 'Postal Ballot for AHCL AGM 2024 by Tuesday, 26<sup>th</sup> November 2024 before 5:00 p.m. The signature on the ballot paper shall match with the signature on CNIC. A postal ballot received after this time / date shall not be considered for voting.
- (c) Please note that in case of any dispute in voting including the casting of more than one vote, the Chairman shall be the deciding authority.

### Note:

In accordance with the Regulation 11 of the Companies (Postal Ballot) Regulations, 2018, the Board of the Company has appointed M/s. UHY Hassan Naeem & Co. Chartered Accountants, (a QCR rated audit firm) to act as the Scrutinizer of the Company for the special business to be transacted in the meeting (Agenda # 6 pertaining to approval for Investments in associates under section 199 of the Companies Act, 2017), and to undertake other responsibilities as defined in Regulation 11A of the Regulations. Qualification & experience are mentioned on their website ([www.uhy-hnco.com/](http://www.uhy-hnco.com/)) in detail.

## 8. Payment of Cash Dividend through Electronic Mode (Mandatory):

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive cash dividends (if any) directly into their bank account, shareholders are requested to provide their IBAN by filling the Electronic Mode Dividend Form available at Company's website containing prescribed details and send it duly signed along with a copy of CNIC to AHCL's Share Registrar (CDCSRSL), in case of physical shares. In case of book-entry securities, respective shareholders must get their respective records including IBAN updated as per the Electronic Mode Dividend Form with their Broker/Participant/CDC account services.

In the absence of a members' valid bank account details and / or IBAN, the Company will be constrained to withhold the payment of dividend (if any) to such members in accordance with the requirements of the Companies (Distribution of Dividends) Regulations, 2017 read with Section 243(2)(a) of the Companies Act, 2017, till provision of prescribed details.

## 9. Withholding Tax on Dividend

Dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:-

- For Filers [persons whose names are appearing in Active Taxpayers List (ATL)]: 15%
- For Non-filers [persons whose names are not appearing in (ATL)]: 30%

Shareholders are advised to make sure that their names (and/or the name of their joint holders) are appearing in latest ATL provided on the website of FBR, otherwise they (and/or joint holders) shall be treated as non-filers and tax on their cash dividend income (if any) will be deducted at the rate of 30% instead of 15%.

## 10. Withholding Tax on Dividend in Case of Joint Account Holders

In order to enable the Company to follow the directives of the regulators to determine shareholding proportion in case of Joint account, all shareholders who hold shares with Joint shareholders, are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to AHCL's Share Registrar (CDCSRSL), in writing, as follows:



Folio / CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC #	Shareholding Proportion (%)	Name and CNIC #	Shareholding Proportion (%)

**NOTE:** In the event of non-receipt of the information by 15<sup>th</sup> November 2024, each shareholder entitled to cash dividend will be assumed to have equal proportion of shareholding with respective jointholder(s) and the tax will be deducted accordingly.

### 11. Unclaimed dividends

Shareholders, who by any reason, could not claim their previous dividends are advised to contact AHCL's Share Registrar (CDCSRSL) to collect/enquire about their unclaimed dividend, if any. The details of the dividend declared by the Company which have remained due for more than three years are available on the Company's website.

### 12. Distribution of Annual Report

The audited financial statements of the Company together with the auditors' report, directors' report and the chairman's review report for the year ended 30<sup>th</sup> June 2024 (Annual Report) are available on the Company's website ([www.arifhabibcorp.com](http://www.arifhabibcorp.com)) in addition to annual and quarterly financial statements of prior years. In compliance with section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Report via email to shareholders whose email addresses are registered with AHCL's Share Registrar (CDCSRSL). For shareholders without a registered email address, printed AGM notices, along with the weblink and QR code to download the Annual Report, have been dispatched. Hard copies of the Annual Report will be provided free of cost to any shareholder upon request, delivered to their registered address within one week of receiving such a request. For the convenience of shareholders, a "Standard Request Form for provision of Annual Audited Accounts" is also available on the Company's website.

### 13. Provision of Information by Shareholders

To comply with various statutory requirements, and to avoid any non-compliance of law or any inconvenience in future, all shareholders are hereby advised to coordinate / update their records with their respective Participant / CDC Investor Account Services / AHCL's Share Registrar (CDCSRSL) in connection with following:

- Submission of copies of their valid / updated CNIC / NTN Certificate / Zakat Declaration (Exemption) Form / Tax Exemption Certificate.
- Convert their physical shares into scrip less form, which will also facilitate the shareholders having physical shares in many ways, including safe custody, efficient trading and convenience in other corporate actions.
- Provision of mandatory registration details in terms of Section 119 of the Companies Act, 2017 and Regulation 47 of the Companies Regulations, 2024, including mobile number / landline number and email address (if available).
- Promptly notify any change in mailing address, email address and mobile number by writing to the office of AHCL's Share Registrar (CDCSRSL).

## Statement under section 134(3) of the Companies Act, 2017

This statement sets out the material facts concerning the Special Business given in Agenda item No. 5 and Agenda No. 6 of the Notice to be transacted at the Annual General Meeting of the Company. Directors of the Company have no interest in the special businesses, except in their capacity as sponsor / director / shareholder.

# Statement under section 134(3) of the Companies Act, 2017

## ANNEXURE - A (AGENDA # 5)

### Approval of transactions with related parties

In compliance with applicable laws, related party transactions are approved by the Board as recommended by the Audit Committee on a quarterly basis. As common directors may be deemed to be interested in certain related party transactions due to their directorship and / or shareholding in the associated companies / related parties, the Board, in order to promote transparency, is seeking shareholders' approval for related party transactions / arrangements / agreements / balances as disclosed in the audited financial statements for the year ended 30<sup>th</sup> June 2024.

**Authorization for the Board of Directors to approve those transactions with related parties (if executed) conducted during the financial year ending 30<sup>th</sup> June 2025 and thereafter upto the next Annual General Meeting, 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 aforementioned period as per the approved policy with respect to 'transactions with related parties'. Being the directors of multiple companies, many or majority of the Directors may be deemed to be treated as interested in transactions with related parties due to their common directorships and/or shareholding. In order to promote good corporate governance and transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time, including transactions (if executed) triggering approval of shareholders u/s 207 and / or 208 of the Companies Act, 2017, for the year ending 30<sup>th</sup> June 2025 and thereafter upto the next annual general meeting, 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 (if required). The Directors are interested in the resolution to the extent of their shareholding and / or common directorships in such related parties.

## ANNEXURE - B (AGENDA # 6)

### Investments in Associated Companies & Associated Undertakings

The Board of Directors of the Company (AHCL) has approved the specific limits for the investments in the form of equity and loans / advances / running finance / guarantee / indemnity / pledge of shares etc., along with other particulars for investments in Arif Habib 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 proposed investments may involve transactions with related parties, directors, or substantial shareholders of the company. Consequently, the directors of the Company may be deemed interested in these investments to the extent and in their capacity as directors or shareholders of the companies involved. Separate approval under Agenda # 5 is being sought from shareholders for such transactions, if executed, which would be deemed as approved by shareholders under Sections 207 and/or 208 of the Companies Act, 2017. Directors of the Company have no interest in the investee company except in their capacity as sponsor / director / shareholder of associated company. The principle purpose of this special resolution is to make the Company in a ready position to capitalize on the investment opportunities as and when they arrive. It is prudent that the Company should be able to make the investment at the right time when the opportunity is available, and the limit shall be valid till the holding of next annual general meeting, with the option of renewal thereon.

#### A - Disclosures for all types of investments:

Ref. No.	Requirement	Information																											
I	Name of associated company or associated undertaking	Arif Habib Limited (AHL)																											
II	Basis of relationship	Subsidiary Company																											
III	Earnings per share for the last three years	Year 2024: Rs. 9.37 Year 2023: Rs. 2.83 Year 2022: Rs. 12.65																											
IV	Break-up value of share, based on the latest audited financial statements	PKR 19.49 per share as at 30th June 2024.																											
V	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements.	<table border="0"> <thead> <tr> <th colspan="2"><b>30<sup>th</sup> June 2024</b></th> <th><b>(PKR in Million)</b></th> </tr> </thead> <tbody> <tr> <td>Non-current assets</td> <td></td> <td>284,768</td> </tr> <tr> <td>Current assets</td> <td></td> <td>5,395,129</td> </tr> <tr> <td>Equity</td> <td></td> <td>1,273,182</td> </tr> <tr> <td>Non-current liabilities</td> <td></td> <td>43,867</td> </tr> <tr> <td>Current liabilities</td> <td></td> <td>4,362,849</td> </tr> <tr> <td>Operating Revenue</td> <td></td> <td>1,119,720</td> </tr> <tr> <td>Profit before Tax</td> <td></td> <td>762,322</td> </tr> <tr> <td>Profit after Tax</td> <td></td> <td>611,947</td> </tr> </tbody> </table>	<b>30<sup>th</sup> June 2024</b>		<b>(PKR in Million)</b>	Non-current assets		284,768	Current assets		5,395,129	Equity		1,273,182	Non-current liabilities		43,867	Current liabilities		4,362,849	Operating Revenue		1,119,720	Profit before Tax		762,322	Profit after Tax		611,947
<b>30<sup>th</sup> June 2024</b>		<b>(PKR in Million)</b>																											
Non-current assets		284,768																											
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Current liabilities		4,362,849																											
Operating Revenue		1,119,720																											
Profit before Tax		762,322																											
Profit after Tax		611,947																											

Ref. No.	Requirement	Information
VI	<p>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely:</p> <ol style="list-style-type: none"> <li>1. description of the project and its history since conceptualization;</li> <li>2. starting date and expected date of completion of work;</li> <li>3. time by which such project shall become commercially operational;</li> <li>4. expected time by which the project shall start paying return on investment; and</li> <li>5. funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</li> </ol>	Not applicable
VII	Maximum amount of investment to be made	<p>Fresh limit of PKR 386 million for equity investments and PKR 1 billion for loans, advances, running finance, etc. is requested for approval. This is in addition to:</p> <ul style="list-style-type: none"> <li>- Renewal requested separately for the unutilized limit of equity investment of PKR 114 million; and cumulative investment at cost of PKR 3,307.630 million already made up to 31<sup>st</sup> October 2024.</li> <li>- Renewal requested of PKR 4 billion for previously sanctioned limit of guarantee, indemnity, pledge of shares etc. and renewal requested for previously sanctioned limit of PKR 1.5 billion as running finance / advance / loan.</li> </ul>
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 shall remain valid for a period upto next general meeting and shall be renewable thereon for further period(s).



Ref. No.	Requirement	Information
IX	<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds</p> <ol style="list-style-type: none"> <li>1. Justification for investment through borrowing</li> <li>2. Detail of collateral, guarantees provided and assets pledged for obtaining such funds</li> <li>3. Cost benefit analysis</li> </ol>	<p>The investment may be made from Company's own available liquidity and/or credit lines.</p> <ol style="list-style-type: none"> <li>1. Higher rate of return</li> <li>2. Pledge of listed securities and / or charge over assets of the Company, if and where needed.</li> <li>3. Company expects to time the investment to earn return over and above the borrowing cost.</li> </ol>
X	<p>Salient feature of agreement(s), if any, with associated company or associated undertaking with regards to proposed investment</p>	<p>There is no agreement to date</p>
XI	<p>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</p>	<p>The proposed investment may involve transaction with related parties, directors, or substantial shareholders of the companies. Consequently, the directors of the Company may be deemed interested in these investments in their capacity as directors of the holding company or shareholders of the companies involved. Separate approval under agenda # 5 is being sought from shareholders for transactions, if executed, which would be deemed as approved by shareholders under Sections 207 and/or 208 of the Companies Act, 2017. Directors of the Company have no interest in the investee company except in their capacity as sponsor / director / shareholder of the holding company.</p>
XII	<p>In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs</p>	<p>Performance of AHL can be referred in Point III to V above.</p>
XIII	<p>Any other important details necessary for the members to understand the transaction</p>	<p>None</p>

**B - Disclosures relating to proposed equity investments:**

Ref. No.	Requirement	Information
XIV	Maximum price at which securities will be acquired	At par / premium / offered / negotiated price prevailing on the date of transaction / investment.
XV	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Not Applicable
XVI	Maximum number of securities to be acquired	No. of securities purchasable under approved limit in accordance with / based on Sr. Nos. VII & XIV
XVII	Number of securities and percentage thereof held before and after the proposed investment	Before: 49,979,978 (ordinary shares) being 76.49% holding in the company as on 31 <sup>st</sup> October 2024.  After: Increase in securities / percentage in accordance with Sr. Nos. VII, XIV and XVI.
XVIII	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	As at 31 <sup>st</sup> October 2024: Current price per share: PKR 36.07 (ordinary shares) Weighted average market price per share of preceding twelve weeks: PKR 72.34 (ordinary shares).
XIX	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	Not applicable

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

Ref. No.	Requirement	Information
XX	Category-wise amount of investment	As disclosed in 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	Existing average borrowing cost ranges from 3-month KIBOR plus 0.7% to 3-month KIBOR plus 1.75% per annum.
XXII	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	At the time of making the investment or entering into any arrangement, it will be ensured that the rate to be charged by the Company shall be in line with Section 199 of the Companies Act, 2017 and the guidelines provided in the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.
XXIII	Particulars of collateral or security to be obtained in relation to the proposed investment	Shall be decided on case to case basis. Being investments made in a subsidiary 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	Not Applicable
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 - C (AGENDA # 6)

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

The Company in its previous general meetings had sought approvals under section 208 of the Companies Ordinance, 1984 (repealed) / section 199 of the Companies Act, 2017 for investments in the following Associated Companies and Associated Undertakings in which investment has not been made so far, either fully or partially. Approval of renewal of unutilized portion of equity investments and sanctioned limit of loans, advances, running finance and corporate guarantee are also hereby sought for the companies / undertakings as per following details for a period upto next annual general meeting, unless specifically approved for a longer period. The investments may involve transactions with related parties, directors, or substantial shareholders of the companies / schemes. Consequently, the directors of the Company may be deemed interested in these investments to the extent and in their capacity as directors or shareholders or unitholders of the companies / schemes involved. Separate approval under Agenda # 5 is being sought from shareholders for such transactions, if executed, which would be deemed as approved by shareholders under Sections 207 and/or 208 of the Companies Act, 2017. Directors of the Company have no interest in the investee companies / schemes except in their capacity as sponsor / director / shareholder of associates. In the 26th AGM held in 2020, the already approved respective limits for long-term loans / running finance were approved to be consolidated, and accordingly the Company may utilise the consolidated limit at its discretion for extending long-term loans and / or running finance and / or advances; provided that sum of respective natures of investments so extended does not exceed the already approved investment limit in the aggregate. Provided further that the limit so utilised to the extent of extending long term loan shall be exhausted and shall not be renewable in next general meeting(s). In the 29th AGM held in 2023, the already approved unutilized limits for equity investment in various REIT Schemes under management of Arif Habib Dolmen REIT Management Limited were approved to be merged and utilized in any form / nature of investment including equity, loans, advances, running finance, guarantee, indemnity, pledge of shares etc. Provided further that the limit so utilised to the extent of making equity investment and / or extending long term loan shall be exhausted and shall not be renewable in next general meeting(s) :

Any amount not specified in a particular currency is to be read and understood as PKR

### 1. Name of associated company / undertaking: Javedan Corporation Limited

S No.	Description	Investment in securities	Investment in the nature of	
			Funded Facility	Unfunded Facility
a	total investment approved;	8,750,000,000	2,731,550,000	400,000,000
b	amount of investment made to date;	6,691,355,833	156,602,352	-
c	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of long-term loans and / or running finance and / or advances, and availed as & when needed in the interest of the shareholders	Facility is in the nature of Guarantee / indemnity / pledge of shares etc. and availed as & when needed in the interest of the shareholders
d	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		<b>FY2024</b>	FY2023
i	Earnings per share - basic & diluted		4.47	17.70
ii	Net Profit		1,703,627,000	6,741,951,000
iii	Shareholders Equity		25,339,236,000	25,921,679,000
iv	Total Assets		40,313,731,000	42,883,146,000
v	Break-up value		66.53	68.06
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 2,058,644,167	Sanctioned 2,731,550,000	Sanctioned 400,000,000

## 2. Name of associated company / undertaking: Arif Habib Limited

S No.	Description	Investment in securities	Investment in the nature of	
			Funded Facility	Unfunded Facility
a	total investment approved;	3,421,676,000	1,500,000,000	4,000,000,000
b	amount of investment made to date;	3,307,630,636	-	2,290,560,000
c	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of long-term loans and / or running finance and / or advances, and availed as & when needed in the interest of the shareholders	Facility is in the nature of Guarantee / indemnity / pledge of shares etc. and availed as & when needed in the interest of the shareholders
d	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		<b>FY2024</b>	FY2023
i	Earnings per share		9.37	2.83
ii	Net profit		611,946,740	184,672,102
iii	Shareholders Equity		1,273,181,740	4,994,252,286
iv	Total Assets		5,679,897,459	7,785,551,720
v	Break-up value		19.49	76.43
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 114,045,364	Sanctioned 1,500,000,000	Sanctioned 4,000,000,000

## 3. Name of associated company / undertaking: Fatima Fertilizer Company Limited (Fatima)

S No.	Description	Investment in securities	Investment in the nature of	
			Funded Facility	Unfunded Facility
a	total investment approved;	4,824,332,000	2,000,000,000	-
b	amount of investment made to date;	2,024,369,179	-	-
c	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of long-term loans and / or running finance and / or advances, and availed as & when needed in the interest of the shareholders	-
d	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		<b>FY2024</b>	FY2023
i	Earnings per share		14.93	6.71
ii	Net profit		31,357,817,000	14,093,154,000
iii	Shareholders Equity		127,194,069,000	105,384,772,000
iv	Total Assets		256,225,216,000	228,965,936,000
v	Break-up value		60.57	50.18
	Proposals for renewal for future investments:	Unutilised 2,799,962,821	Sanctioned 2,000,000,000	Sanctioned -



4. Name of associated company / undertaking: **Rotocast Engineering Company (Private) Limited**

S No.	Description	Investment in securities	Investment in the nature of	
			Funded Facility	Unfunded Facility
a	total investment approved;	300,000,000	500,000,000	-
b	amount of investment made to date;	-	-	-
c	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of long-term loans and / or running finance and / or advances, and availed as & when needed in the interest of the shareholders	-
d	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		<b>FY2023</b>	FY2022
i	Loss per share		(3.10)	(6.56)
ii	Net loss		(30,969,351)	(65,550,929)
iii	Shareholders Equity		5,875,551,011	5,027,426,146
iv	Total Assets		6,952,013,830	6,609,746,468
v	Break-up value		587.56	502.74
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 300,000,000	Sanctioned 500,000,000	Sanctioned -

5. Name of associated company / undertaking: **Arif Habib Dolmen REIT Management Limited (AHDRML)**

S No.	Description	Investment in securities	Investment in the nature of	
			Funded Facility	Unfunded Facility
a	total investment approved;	1,000,000,000	500,000,000	-
b	amount of investment made to date;	-	-	-
c	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of long-term loans and / or running finance and / or advances, and availed as & when needed in the interest of the shareholders	-
d	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		<b>FY2024</b>	FY2023
i	(Loss) / earnings per share		(3.39)	13.76
ii	Net (loss) / profit		(67,849,551)	275,276,849
iii	Shareholders Equity		453,174,778	521,024,329
iv	Total Assets		1,327,045,953	1,446,715,693
v	Break-up value		22.66	26.05
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 1,000,000,000	Sanctioned 500,000,000	Sanctioned -

**6. Name of associated company / undertaking: Aisha Steel Mills Limited**

S No.	Description	Investment in securities	Investment in the nature of	
			Funded Facility	Unfunded Facility
a	total investment approved;	8,750,000,000	2,539,206,765 (RF)* & 63,886,911 (LTL)**	PKR 5,500,000,000 plus USD 80,000,000
b	amount of investment made to date;	5,044,491,283	250,000,000(RF) '63,886,911 (LTL)	PKR 1,302,457,000
c	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of long-term loans and / or running finance and / or advances, and availed as & when needed in the interest of the shareholders	Facility is in the nature of Guarantee / indemnity / pledge of shares etc. and availed as & when needed in the interest of the shareholders
d	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		<b>FY2024</b>	<b>FY2023</b>
i	Loss per share - basic & diluted		(0.26)	(3.56)
ii	Net loss		(132,470,000)	(3,215,653,000)
iii	Shareholders Equity		15,706,978,000	15,691,715,000
iv	Total Assets		40,597,158,000	38,046,164,000
v	Break-up value		12.01	12.00
	Proposals for renewal for future investments:	Unutilised 3,705,508,717	Sanctioned 2,539,206,765 (RF)* 63,886,911 (LTL)**	Sanctioned PKR 5,500,000,000 plus USD 80,000,000

\*RF = Running Finance

\*\*LTL = Long Term Loan

**7. Name of associated company / undertaking: Power Cement Limited**

S No.	Description	Investment in securities	Investment in the nature of	
			Funded Facility	Unfunded Facility
a	total investment approved;	8,322,000,000	1,000,000,000	PKR 500,000,000 plus USD 49,000,000*
b	amount of investment made to date;	4,625,431,606	-	USD 3,055,257
c	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of long-term loans and / or running finance and / or advances, and availed as & when needed in the interest of the shareholders	Facility is in the nature of Guarantee / indemnity / pledge of shares etc. and availed as & when needed in the interest of the shareholders
d	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:		<b>FY2024</b>	<b>FY2023</b>
i	Loss per share		(2.88)	(0.19)
ii	Net (loss) / profit		(2,703,284,000)	168,993,000
iii	Shareholders Equity		19,419,121,000	17,568,027,000
iv	Total Assets		47,777,776,000	48,530,623,000
v	Break-up value		5.85	8.01
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 3,696,568,394	Sanctioned 1,000,000,000	Sanctioned PKR 500,000,000 plus USD 49,000,000*

\*Approval of limit of USD 49 million includes the following:  
Limit of any currency equivalent to USD 38 million  
Limits of PKR equivalent to USD 11 million

**8. Name of associated company / undertaking: Sachal Energy Development (Private) Limited**

S No.	Description	Investment in securities	Investment in the nature of	
			Funded Facility	Unfunded Facility
a	total investment approved;	3,500,000,000	1,000,000,000	USD 100,000,000
b	amount of investment made to date;	2,746,465,560	-	USD 30,000,000
c	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of long-term loans and / or running finance and / or advances, and availed as & when needed in the interest of the shareholders	Facility is in the nature of Guarantee / indemnity / pledge of shares etc. and availed as & when needed in the interest of the shareholders
d	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		<b>FY2024</b>	FY2023
i	Earnings per share		11.59	7.70
ii	Net profit		3,708,318,354	2,463,927,078
iii	Shareholders Equity		13,967,677,631	11,859,359,277
iv	Total Assets		22,929,995,397	23,696,773,086
v	Break-up value		43.65	37.06
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 753,534,440	Sanctioned 1,000,000,000	Sanctioned USD 100,000,000

**9. Name of associated company / undertaking: Safe Mix Concrete Limited**

S No.	Description	Investment in securities	Investment in the nature of	
			Funded Facility	Unfunded Facility
a	total investment approved;	250,000,000	250,000,000	-
b	amount of investment made to date;	49,702,000	-	-
c	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of long-term loans and / or running finance and / or advances, and availed as & when needed in the interest of the shareholders	-
d	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		<b>FY2024</b>	FY2023
i	Earnings per share		4.46	5.33
ii	Net profit		111,605,625	133,370,457
iii	Shareholders Equity		382,393,629	274,294,662
iv	Total Assets		805,627,771	744,983,048
v	Break-up value		15.30	10.97
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 200,298,000	Sanctioned 250,000,000	Sanctioned -

10. Name of associated company / undertaking:

**REIT Schemes under management of Arif Habib Dolmen REIT Management Limited (AHDRML)**

S No.	Description	Investment in securities	Investment in the nature of	
			Funded Facility	Unfunded Facility
a	total investment approved;		14,259,074,996	
b	amount of investment made to date;	2,752,542,080 REIT wise detail in Annexure C-1	100,000,000 REIT wise detail in Annexure C-1	No corporate guarantee provided to date
c	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of long-term loans and / or running finance and / or advances, and availed as & when needed in the interest of the shareholders	Facility is in the nature of Guarantee / indemnity / pledge of shares etc. and availed as & when needed in the interest of the shareholders
d	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	Details relating to existing REIT Schemes under management is disclosed in Annexure C-1		
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised Limited PKR 11,506,532,916		

**ANNEXURE C-1**

Particulars	Globe Residency REIT (GRR)	Silk Islamic Development REIT (SIDR)	Naya Nazimabad Apartment REIT (NNR)	Pakistan Corporate CBD REIT (PCCR)
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**b) amount of investment made to date;**

Investment in securities	PKR 11,379,390	None	None	None
Loans / Advance / RF	None	PKR 100,000,000	None	None
<b>Current audited accounts</b>	<b>FY 2024</b>	<b>FY 2023 &amp; 2024</b>	<b>FY 2024</b>	<b>FY 2024</b>
Earnings / (loss) per share	1.79	Audit in progress	Audit in progress	N/A
Net profit / loss	251,915,000			16,779,000
Shareholders Equity	1,687,405,000			7,163,273,000
Total Assets	4,789,967,000			7,198,366,000
Break-up value	12.05			N/A
<b>Last year audited accounts</b>	<b>FY 2023</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2023</b>
Earnings / (loss) per share	1.93	(0.02)	(0.16)	NA
Net profit / loss	271,083,000	(4,607,000)	(46,270,000)	6,879,000
Shareholders Equity	1,855,490,000	2,995,393,000	2,891,230,000	3,833,662,000
Total Assets	4,113,180,000	4,104,947,000	5,863,981,000	3,864,430,000
Break-up value	13.25	9.98	9.84	NA

## ANNEXURE C-1

Particulars	Rahat Residency REIT (RRR)	Parkview Apartment REIT (PAR)	Gymkhana Apartment REIT (GAR)	Dolmen City REIT (DCR)
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### b) amount of investment made to date;

Investment in securities	None	PKR 1,262,136,440	PKR 1,200,000,000	None
Loans / Advance / RF	None	None	None	None
<b>Current audited accounts</b>	<b>FY 2024</b>	<b>FY 2024</b>	<b>FY 2024</b>	<b>FY 2024</b>
(Loss) / earnings per share	(0.40)	(0.17)	Audit in progress	3.66
Net (loss) / profit	(20,205,000)	(37,234,000)		8,140,055,000
Shareholders Equity	437,942,000	2,119,632,000		73,189,002,000
Total Assets	2,422,798,000	2,314,694,000		74,054,969,000
Break-up value	8.76	42.39		32.91
<b>Last year audited accounts</b>	<b>FY 2023</b>	<b>FY 2023</b>	<b>FY 2023</b>	<b>FY 2023</b>
(Loss) / earnings per share	(0.84)	Not applicable	Not applicable	4.18
Net (loss) / profit	(41,853,000)			9,291,819,000
Shareholders Equity	458,147,000			69,496,347,000
Total Assets	1,938,042,000			70,295,216,000
Break-up value	9.16			31.25

## ANNEXURE C-1

Particulars	Silk World Islamic REIT (SWIR)	Meezan Centre REIT (MCR)	Sapphire Bay Islamic Development REIT (SBIDR)	Signature Residency REIT (SRR)
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### b) amount of investment made to date;

Investment in securities	None	None	None	None
Loans / Advance / RF	None	None	None	None
<b>Current audited accounts</b>	<b>FY 2024</b>	<b>FY 2024</b>	<b>FY 2024</b>	<b>FY 2024</b>
(Loss) / earnings per share	(0.24)	8.21	1.19	(0.51)
Net (loss) / profit	(142,499,000)	1,069,927,000	287,059,000	(16,697,000)
Shareholders Equity	5,382,737,000	1,323,780,000	7,112,876,000	300,950,000
Total Assets	6,055,030,000	1,515,586,000	9,722,681,000	1,529,741,000
Break-up value	9.11	10.15	11.45	9.12
<b>Last year audited accounts</b>	<b>FY 2023</b>	<b>FY 2023</b>	<b>FY 2023</b>	<b>FY 2023</b>
Earnings / (loss) per share	0.49	Not Applicable	N/A	(0.37)
Net loss	(290,268,000)		119,069,000	(12,353,000)
Shareholders Equity	5,525,236,000		4,483,345,000	317,647,000
Total Assets	6,029,827,000		5,558,591,000	1,576,742,000
Break-up value	9.35		N/A	9.63



میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی 30 جون 2025 کو ختم ہونے والے سال کے لئے بطور آڈیٹرز دوبارہ تقرری کی سفارش کی ہے۔ اس سلسلے میں 27 نومبر 2024 کو ہونے والے اجلاس عام میں حصص یافتگان سے منظوری لی جائے گی۔

### سیکرٹریل طریقوں پر عمل درآمد

جائزہ سال کے دوران کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت سیکرٹریل اور ادارتی ضوابط کی مکمل پاس داری کی گئی۔


### ملحقہ پارٹیوں کے سودے

لسٹنگ ریگولیشنز کی پاس داری کرتے ہوئے کمپنی نے ملحقہ پارٹیوں کے ساتھ تمام سودے آڈٹ کمیٹی اور بورڈ کے روبرو ان کے جائزے اور منظوری کے لیے پیش کیے۔ ان سودوں کو آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے اپنے متعلقہ اجلاسوں میں منظور کیا۔ ملحقہ پارٹیوں کے ساتھ سودوں کی تفصیل آڈٹ شدہ مالیاتی گوشواروں کے نوٹ نمبر 40 میں پیش کی گئی ہے۔


### اعتراف

ڈائریکٹرز کمپنی کے تمام اسٹیک ہولڈرز کے مسلسل اعتماد اور سرپرستی پر ان کے شکر گزار ہیں۔ ہم اپنے کاروباری شراکت داروں، بینکاروں اور مالیاتی اداروں کے اعتماد اور بھروسے پر ان کے لیے سائنس اور تشکر ریکارڈ پر لانا چاہتے ہیں۔ ہم وزارت مالیات، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، کمپنیشن کمیشن آف پاکستان، سینٹرل ڈیپازٹری کمپنی آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کے مسلسل تعاون اور رہنمائی پر ان کے شکر گزار ہیں جن کے تعاون کی وجہ سے کمپنی طویل سفر طے کر کے آج اس مقام تک پہنچی ہے۔ سال کے دوران ہم کمپنی کے ملازمین کی ان تھک محنت کا اعتراف کرتے ہیں۔ انتہائی اہم معاملات میں انتظامیہ کی تائید اور رہنمائی کے لیے آڈٹ کمیٹی اور دیگر کمیٹیوں کے ممبران کے فعال کردار اور ان کی قابل قدر معاونت بھی قابل تعریف ہے۔

برائے و منجانب بورڈ

  
جناب اسد اللہ خواجہ

چیرمین

  
جناب عارف حبیب

چیف ایگزیکٹو

کراچی : 31 اکتوبر 2024

ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کے شریک حیات اور کم عمر فیملی ممبران کی کمپنی کے حصص میں خرید و فروخت سے متعلق بیان کو گوشوارہ نمبر 1 میں منسلک کیا گیا ہے۔ گوشوارہ نمبر 1 میں دیئے گئے منکشفات کے علاوہ کسی بھی ایسے ملازم جس کی بنیادی سالانہ تنخواہ 2,400,000 روپے سے زیادہ ہو، اس نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔ سالانہ رپورٹوں میں حصص کی خرید و فروخت منکشف کیے جانے کے لیے تنخواہ کی اس سطح کو کمپنی کے بورڈ نے طے کیا ہے۔

### مالیاتی اور کاروباری چھلکیاں

مالیاتی اور کاروباری اعداد و شمار اختصاری شکل میں ”گزشتہ چھ سالوں کی مالیاتی اور کاروباری چھلکیاں ایک نظر میں“ کے عنوان سے صفحہ نمبر 58 پر دیئے گئے ہیں۔

### ریٹائرمنٹ فنڈز سے سرمایہ کاری

کمپنی کے تحت اسٹاف پراویڈنٹ فنڈ سے کی گئی سرمایہ کاری کی مالیت ان کے 30 جون 2024 تک کے متعلقہ آڈٹ شدہ مالیاتی گوشواروں کے مطابق 75.46 ملین روپے ہے۔

### آڈٹ کمیٹی

ادارتی نظم و ضبط کے ضابطے کے تحت آڈٹ کمیٹی نے تسلسل کے ساتھ اپنے فرائض کو بورڈ کی تعین کردہ ذمہ داریوں کے مطابق انجام دیا۔ کمیٹی کی تشکیل اور اس کی ذمہ داریوں کے نمایاں خدوخال اس رپورٹ کے ساتھ منسلک کیے گئے ہیں۔

### آڈیٹرز

موجودہ بیرونی آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس 27 نومبر 2024 کو منعقد ہونے والے اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے اور اہلیت کے باعث انہوں نے 30 جون 2025 کو ختم ہونے والے سال کے لئے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ بیرونی آڈیٹرز کو انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام میں تسلی بخش ریٹنگ حاصل ہے۔ آڈٹ کمیٹی کی تجویز پر بورڈ نے باہمی طے شدہ معاوضہ پر

## ڈائریکٹرز کی معاوضہ پالیسی

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

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

چیف ایگزیکٹو آفیسر بورڈ کا واحد ایگزیکٹو ڈائریکٹر ہے۔ چیف ایگزیکٹو، ڈائریکٹرز اور ایگزیکٹوز کے معاوضے کے پیکج کی تفصیلات منسلک آڈٹ شدہ انفرادی مالیاتی گوشواروں کے نوٹ نمبر 33 میں پیش کی گئی ہیں۔ نان ایگزیکٹو ڈائریکٹرز کو ادا کی جانے والی میٹنگ فیس سے متعلق تفصیلات منسلک آڈٹ شدہ انفرادی مالیاتی گوشواروں کے نوٹ نمبر 40 میں پیش کی گئی ہیں۔

## بورڈ کے اجلاس میں حاضری

ان افراد کے نام جو مالیاتی سال کے دوران کمپنی کے ڈائریکٹر رہے بمع بورڈ اور کمیٹیوں کے اجلاسوں میں ان کی حاضری سے متعلق بیان کو گوشوارہ-II میں منسلک کیا گیا ہے۔

## حصص داری کی ساخت

کمپنی کے حصص پاکستان اسٹاک ایکسچینج میں لسٹڈ ہیں۔ 30 جون 2024 کو کمپنی کے 2,924 حصص یافتگان تھے۔ حصص داری کی تفصیلی ساخت اور کمپنی کی حصص داری کی اقسام بشمول ڈائریکٹرز اور ایگزیکٹو کی ملکیت میں حصص کی تعداد، اگر کوئی ہو، تو وہ منسلک گوشوارہ-III میں پیش کی گئی ہے۔

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

تمام ڈائریکٹرز بشمول چیف ایگزیکٹو، چیف فنانشل آفیسر اور کمپنی کے اعلیٰ عہدے داران کو کمپنی سیکریٹری کی جانب سے مطلع کر دیا گیا تھا کہ اگر انہوں نے بذات خود یا ان کے شریک حیات نے کمپنی کے حصص میں کوئی خرید و فروخت کی ہے تو تحریری طور پر ان سودوں کی قیمت، حصص کی تعداد و قسم اور لین دین کی نوعیت کی تفصیلات سودے کے 7 دن کے اندر کمپنی سیکریٹری کو ارسال کر دیں۔

## بورڈ/ کمیٹیوں کی تشکیل

کل آٹھ ڈائریکٹرز میں سے سات ڈائریکٹرز مرد ہیں جبکہ ایک ڈائریکٹر خاتون ہیں۔ موجودہ بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشکیل مندرجہ ذیل ہے:

بورڈ آف ڈائریکٹرز	قسم	آڈٹ کمیٹی	انسانی وسائل اور معاوضہ کمیٹی	سرمایہ کاری اور خطرات سے نمٹنے کی کمیٹی	نامزدگی کمیٹی
خواجہ نجم الدین رومی	آزاد	چیئرمین	-	-	-
محترمہ زبیا بختیار	آزاد	-	چیئر پرسن	-	-
جناب اسد اللہ خواجہ (چیئرمین)	نان ایگزیکٹو	-	-	-	-
جناب نسیم بیگ	نان ایگزیکٹو	-	ممبر	ممبر	-
جناب صدقہ حبیب	نان ایگزیکٹو	-	-	ممبر	ممبر
جناب کاشف اے حبیب	نان ایگزیکٹو	ممبر	ممبر	ممبر	-
جناب محمد اعجاز	نان ایگزیکٹو	ممبر	-	-	-
جناب عارف حبیب (چیف ایگزیکٹو)	ایگزیکٹو	-	ممبر	چیئرمین	چیئرمین

## بورڈ کی تشکیل میں تبدیلیاں اور ڈائریکٹرز کا انتخاب

کمپنیز ایکٹ 2017 کی دفعہ 161 کی شقوں کے تحت موجودہ آٹھ ڈائریکٹرز جو تین سالہ مدت کے لئے 21 ستمبر 2022 کو غیر معمولی اجلاس عام میں منتخب ہوئے تھے انکی مدت 21 ستمبر 2025 کو مکمل ہوگی۔ زیر جائزہ سال کے دوران، خواجہ جلال الدین رومی نے استعفیٰ دیا اور ان کی جگہ خواجہ نجم الدین رومی کو ڈائریکٹر مقرر کیا گیا۔ عارضی خالی عہدے کو مقررہ وقت کے اندر پُر کیا گیا۔

بورڈ اس موقع پر اقرار کرتا ہے کہ کمپنی کے کھاتوں کی کتابیں درست انداز میں برقرار رکھی گئی ہیں اور مناسب حساباتی پالیسیوں کو اختیار کیا گیا ہے اور انہیں مالیاتی گوشواروں کی تیاری میں تسلسل کے ساتھ ملحوظ خاطر رکھا گیا ہے سوائے نئے معیارات اور ان ترامیم کے جنہیں آڈٹ شدہ مالیاتی گوشواروں کے نوٹ نمبر 3 میں بیان کیا گیا ہے۔ حسابات کی تیاری اور حساباتی تخمینوں کی بنیاد معقول اور محتاط فیصلوں پر ہے۔ مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں، کو ملحوظ خاطر رکھا گیا ہے۔ اندرونی کنٹرول کے نظام بشمول مالیاتی نظام مضبوط اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔ کمپنی کے مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔ ٹیکسوں، محصولات، واجبات وغیرہ کی مد میں کوئی قابل ذکر رقم واجب الادا نہیں ہے۔ گریجویٹی، پینشن یا پراویڈنٹ فنڈ کی مد میں بھی کوئی واجبات قابل ادا نہیں ہیں۔

کمپنی کی پالیسی ہے کہ جہاں پر اس نے سرمایہ کاری کی ہے وہاں کے بورڈ میں اپنے ڈائریکٹر نامزد کرتی ہے۔ جب بھی ضرورت پڑتی ہے تو AHCL کے نامزد افراد اور/یا نمائندے ہر کلیدی سرمایہ کاری کردہ کمپنی کی انتظامیہ کے ساتھ بجٹ اور کاروباری منصوبوں پر کام کرتے ہیں اور بجٹ اور بزنس پلان کے مطابق کارکردگی کا جائزہ لیتے ہیں۔ سرمایہ کاری کردہ کمپنی کی مجموعی کارکردگی کی وقتاً فوقتاً نگرانی بھی کی جاتی ہے۔

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

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



## کارپوریٹ سماجی ذمہ داری

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

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

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

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

آپ کی کمپنی قومی معیشت میں اپنی شراکت کو بہت اہمیت دیتی ہے اور ہمیشہ اپنی ذمے داریوں سے شفافیت، درستگی اور بروقت انداز میں عہدہ برآں ہوتی ہے۔ گروپ کی کمپنیوں کی جانب سے کی گئی معاونت کی تفصیلات صفحہ نمبر 66 پر پیش کی گئی ہیں۔

## ادارتی نظم و ضبط

AHCL پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ کمپنی کا بورڈ اور انتظامیہ لسٹڈ کمپنیوں کے ادارتی نظم و ضبط کے ضابطے پر عمل پیرا ہے اور اس سلسلے میں اپنی ذمے داریوں سے آگاہ ہے اور کاروباری افعال اور کارکردگی کی نگرانی کی جاتی ہے تاکہ مالیاتی اور غیر مالیاتی معلومات کی درستگی، جامعیت اور شفافیت میں بہتری لائی جاسکے۔

## سرمایہ کا انتظام اور روانیت

کمپنی کی پالیسی ہے کہ سرمائے کی مستحکم سطح برقرار رکھی جائے تاکہ سرمایہ کاروں، قرض دہندگان اور مارکیٹ کا اعتماد بحال رہے، کاروبار میں پائیدار ترقی ہو، کمپنی کی چلتے ہوئے ادارے کی حیثیت کا تحفظ ہو، تاکہ وہ اپنے حصص یافتگان کو بہتر منفعت اور دیگر شراکت داروں کو فوائد فراہم کیے جاسکے اور سرمائے کی ساخت کی بہترین سطح کو برقرار رکھتے ہوئے سرمائے کی لاگت کم کی جاسکے۔ بورڈ آف ڈائریکٹرز سرمائے پر منافع کی نگرانی کرتے ہیں جسے کمپنی خالص منافع بعد از ٹیکس کہتی ہے اور اسے کل حصص یافتگان کی ملکیت کے لحاظ سے تقسیم کیا جاتا ہے۔ سال کے دوران سرمائے کے انتظام سے متعلق کمپنی کے نقطہ نظر میں کوئی تبدیلی نہیں کی گئی اور کمپنی کسی بیرونی سرمائے کے تقاضوں کی تابع نہیں ہے۔

## انسانی وسائل

آپ کی کمپنی کو اس بات پر فخر ہے کہ اس کے ملازمین پُر عزم ہیں اور کاروبار کے تمام شعبوں میں اپنی اہلیت، وابستگی اور وفاداری رکھتے ہیں۔ ہم ان کی طویل مدتی ترقی، صحیح ٹیلنٹ کو فعال طور پر شناخت کرنے اور اسکو کو فروغ دینے، ان کی طاقت کو بڑھانے اور ان کی مسلسل ترقی اور موافقت کو فروغ دینے کے لیے کوشاں ہیں۔

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

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

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

## مادیت کے لائحہ عمل کا نفاذ

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

کے ذریعے خطرات اور ان کے کنٹرول کی تشخیص اور شناخت کرتی ہے اور جہاں ضروری ہوتا ہے ان طریقوں کو اپنایا جاتا ہے جن سے خطرات کو قابو کیا جاسکے۔ بطور ایک جاری عمل اور سال میں کم از کم ایک مرتبہ انتظامیہ مالیاتی گوشواروں کی رپورٹوں اور اس کے علاوہ خطرات سے نمٹنے، کارپوریٹ سماجی ذمیداری، شمولیت اور ادارتی نظم و ضبط کے ضابطے، حساباتی مینوئل، قانونی تقاضوں اور قواعد و ضوابط کی پاسداری کی رپورٹوں کا جائزہ لیتی ہے۔

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

بورڈ نے ایک سرمایہ کاری کمیٹی تشکیل دی ہے جس کی ذمہ داری تمام کلیدی سرمایہ کاریوں کی مسلسل اور بلا رکاوٹ نگرانی کرنا ہے۔ جس کے جواب میں کمپنی کا انتظامی عملہ کمیٹی کو کلیدی سرمایہ کاریوں پر بروقت رپورٹ فراہم کرنے کا ذمہ دار ہوتا ہے۔ خطرات کے انتظام پر تفصیلی معیاری اور مقداری تجزیے مالیاتی گوشواروں کے نوٹ نمبر 37 میں دیے گئے ہیں۔

ایک سرمایہ کاری ہولڈنگ کمپنی کے طور پر، ہم اپنی گروپ سرمایہ کار کمپنیوں میں ذمہ دارانہ طریقوں کو فروغ دینے کے لیے پرعزم ہیں۔ اگرچہ ہم براہ راست مینوفیکچرنگ میں مشغول نہیں ہیں، لیکن ہم اپنے سرمایہ کاروں کی حوصلہ افزائی کرتے ہیں کہ وہ اپنے آپریشنز میں ماحولیاتی، سماجی، اور انتظامی (ESG) عوامل کو شامل کریں تاکہ وہ ان کمیونٹیز اور ماحول کے ساتھ ذمہ دارانہ رویہ برقرار رکھیں جہاں وہ کام کر رہے ہیں۔ ہم استحکام کے خطرات، بشمول موسمیاتی خطرات پر نظر رکھتے ہیں اور ان کے حل کے لیے اقدامات کرتے ہیں۔ ہم تنوع، مساوات، اور شمولیت (DE&I) کے حامی ہیں، اور ایسی پالیسیوں کی حوصلہ افزائی کرتے ہیں جو صنفی مساوات اور قیادت کے کرداروں میں خواتین کی زیادہ شمولیت کو فروغ دیتی ہیں۔

## خطرات سے نمٹنا

خطرات کے انتظام کا نظام بورڈ نے تشکیل دیا ہے جس میں وسیع پیمانے پر واضح ترتیب شدہ ادارتی اور انضباطی اجزاء شامل کیے گئے ہیں اور یہ ان واقعات اور پیشقدمیوں کو شناخت کرنے کی اہلیت رکھتا ہے جو کہ کمپنی کے چلتے ہوئے ادارے کی حیثیت کو نقصان پہنچا سکتے ہیں۔ خطرات سے نمٹنے کا نظام اس طرح ڈیزائن کیا گیا ہے کہ ادارے میں ہر سطح پر خطرات سے نمٹنے کے لیے متوازن طریقہ کار اختیار کیا جائے، خطرات اور موقعوں کی ابتدائی مرحلے ہی میں شناخت اور تجزیہ کیا جائے، ان کی شدت کو ناپنے اور ان کی نگرانی اور انتظام کے لیے موزوں تدابیر کی جائیں۔

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

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

اپنی کلیدی سرمایہ کاریوں کے لیے کمپنی نے خطرات سے نمٹنے کے ایسے نظام ترویج کیے ہیں جو اس سرمایہ کاری کے لیے موزوں ہوں۔ کاروباری فیصلے پروجیکٹ کے جامع تجزیوں کے بعد کیے جاتے ہیں جن میں ممکنہ خطرات اور موقعوں کی نشان دہی ہوتی ہے۔ خطرات سے نمٹنے کے لیے کمپنی کی توجہ بنیادی پہلوؤں جیسے بورڈ اور اعلیٰ انتظامیہ کے ذریعے انتظام کاری، پالیسیوں اور طریقہ کار کی تیاری اور نفاذ، خطرات کی نگرانی، انتظامی معلوماتی نظام اور اندرونی کنٹرول پر ہے۔ کمپنی خود کار عمل

## اسٹیل

عائشہ اسٹیل ملز لمیٹڈ (ASML) نے گذشتہ سال کے مقابلے میں فروخت میں 35 فیصد اضافہ رپورٹ کیا، جس کے ساتھ آمدنی میں 37 فیصد کا اضافہ ہوا اور مجموعی منافع کا مارجن 6 فیصد سے بڑھ کر 8.9 فیصد ہو گیا۔ بعد از ٹیکس خسارہ میں نمایاں کمی آئی، جو 3,216 ملین روپے سے کم ہو کر 132 ملین روپے ہو گیا۔

## سیمنٹ اور تعمیرات سے متعلقہ

پاور سیمنٹ لمیٹڈ نے مشکل مارکیٹ حالات کے باوجود مستحکم فروخت برقرار رکھتے ہوئے استقامت کا مظاہرہ کیا۔ مجموعی منافع کا مارجن مستحکم رہا، جو کہ پلانٹ کی کارکردگی میں بہتری اور متبادل ایندھن کے استعمال کی بدولت ممکن ہوا، جس نے افراط زر کے اثرات کو کم کرنے میں مدد کی۔ تاہم، ٹیکس کے قوانین میں تبدیلی اور بلند شرح سود اہم چیلنجز ثابت ہوئے، جنکی وجہ سے بعد از ٹیکس خسارہ 2.70 ملین روپے تک پہنچ گیا، جبکہ مالی سال 2023 میں 169 ملین روپے کا منافع تھا۔

سیف مکس کنکریٹ لمیٹڈ نے مستحکم کارکردگی کا مظاہرہ کرتے ہوئے 117 ملین روپے کا بعد از ٹیکس منافع رپورٹ کیا۔

## مستقبل کی پیش بینی

مالی سال 2025 کے لیے پاکستان کا اقتصادی منظر نامہ کم ہوتے ہوئے افراط زر، گرتی ہوئی شرح سود، اور USD/PKR اچھی ریت میں استحکام کے باعث کافی بہتر نظر آتا ہے۔ IMF کی 7 بلین ڈالر کی ایکسٹینڈڈ فنڈ فیسلٹی (EFF) کے تحت پہلے ہی 1.1 بلین ڈالر فراہم کر دیے گئے ہیں، جس سے مزید بین الاقوامی مالی مدد کاراستہ ہموار ہوا ہے۔ یہ میکرو اقتصادی مثبت اشاریے، شرح سود میں مزید کمی کی توقع کے ساتھ، اقتصادی استحکام اور ترقی کے لیے ایک حوصلہ افزا ماحول فراہم کرتی ہیں۔

اس مثبت ماحول میں، ہماری کمپنی بہتر حالات سے فائدہ اٹھانے کے لیے اچھی طرح سے تیار ہے۔ ہم مالی کارکردگی میں نمایاں بہتری کی توقع کر رہے ہیں، خاص طور پر اپنے بنیادی شعبوں میں جیسے کھاد، ونڈ پاور اور بروکرئج، جہاں ترقی اور منافع میں تیزی آنے کی امید ہے۔ کمپنی ان مواقع سے بھرپور فائدہ اٹھانے کے لیے پرعزم ہے تاکہ مستحکم کارکردگی فراہم کی جا سکے۔



نے 31,358 ملین روپے کا بعد از ٹیکس منافع حاصل کیا، جو گذشتہ سال 14,093 ملین روپے تھا۔ بہتر مارکیٹ کی طلب اور قیمتیں، پلانٹ کی کارکردگی میں بہتری، مسلسل عمل اور توانائی کی بچت کی کوششوں نے اس ترقی میں اہم کردار ادا کیا۔ AHCL نے FATIMA سے 1,520 ملین روپے کا منافع منقسمہ حاصل کیا۔

## مالی خدمات

مثبت میکرو اکنامک ماحول نے سرمایہ کاروں کے اعتماد کو بڑھانے میں مدد کی، جس کے نتیجے میں KSE-100 انڈیکس 89.2 فیصد اضافہ کے ساتھ مالی سال 2024 کے اختتام پر 78,445 پوائنٹس پر پہنچ گیا۔ عارف حبیب لمیٹڈ (AHL)، جو AHCL کا کارپوریٹ بروکر تاج ہاؤس ہے، نے مارکیٹ کی صورتحال کو بروئے کار لاتے ہوئے 612 ملین روپے کا بعد از ٹیکس منافع حاصل کیا، جو گذشتہ سال 185 ملین روپے سے زیادہ ہے۔

## ہوائی توانائی (ونڈ پاور)

سچل انرجی ڈویلپمنٹ (پرائیویٹ) لمیٹڈ (SEDPL) نے اپنی مضبوط عملی کارکردگی کو برقرار رکھتے ہوئے قومی گارڈ کو صاف توانائی فراہم کی، جس میں پلانٹ کی شروعات سے دستیابی کا تناسب 99 فیصد سے زیادہ رہا ہے۔ SEDPL نے 3,708 ملین روپے کا بعد از ٹیکس منافع حاصل کیا، جو گذشتہ سال 2,464 ملین روپے تھا۔ AHCL نے SEDPL سے 1,373 ملین روپے کا منافع منقسمہ حاصل کیا۔

## ریٹیل اسٹیٹ

عارف حبیب گروپ، شفافیت اور دستاویزات پر پختہ یقین سے حامی، ریٹیل اسٹیٹ سیکٹر میں REITs کو ترجیحی سرمایہ کاری کے طور پر منتخب کر کے ایک مضبوط مثال قائم کر رہا ہے۔ ریٹیل اسٹیٹ کے شعبے میں مشکل مارکیٹ کی حالات کے باوجود، آپ کی کمپنی کے نئے ناظم آباد میں منصوبے اچھی کارکردگی دکھا رہے ہیں۔ پہلے سے شروع کردہ اپارٹمنٹ پروجیکٹس ”گلوب ریڈیٹسی اپارٹمنٹس“ (گلوب ریڈیٹسی REIT) اور ”راحت ریڈیٹسی“ (راحت ریڈیٹسی REIT) کی تعمیر شیڈول کے مطابق جاری ہے۔

آپ کی کمپنی نے اپنے ریٹیل اسٹیٹ سرمایہ کاری سے 531 ملین روپے کا منافع منقسمہ حاصل کیا ہے۔

تفصیلات	AHCL کے عام حصص کی تعداد 10 روپے فی حصص
اسکیم کے مطابق الاٹمنٹ سے پہلے AHCL کا ادا شدہ سرمایہ	408,375,000
اسکیم کے مطابق الاٹ کردہ حصص	13,321,747
اسکیم کے مطابق الاٹمنٹ کے بعد AHCL کا ادا شدہ سرمایہ	<b>421,696,747</b>

اسکیم کے مطابق، بورڈ نے یہ بھی فیصلہ کیا کہ اسکیم کے تحت الاٹ کیے گئے حصص 30 جون 2024 کو ختم ہونے والے سال کے لیے 7 روپے فی حصص یعنی 70 فیصد کے حساب سے حتمی نقد منافع کے حقدار ہوں گے جسکی سالانہ اجلاس عام میں منظور کرنے کی سفارش کی گئی۔

اس انضمام نے 30 جون 2024 کو ختم ہونے والے سال کے انفرادی اکاؤنٹس میں 401.34 ملین روپے کا بعد از ٹیکس منافع کا حصہ ڈالا ہے اور اس کے نتیجے میں 30 جون 2024 تک کمپنی کے خالص اثاثوں میں 4,571 ملین روپے کا اضافہ ہوا ہے۔ جبکہ ادا شدہ سرمائے میں 133.21 ملین روپے کا اضافہ کیا جائے گا۔

مالیاتی گوشواروں کو اسکیم کے اثر کو مد نظر رکھتے ہوئے تیار کیا گیا ہے اور ان کا انکشاف مجموعی مالیاتی گوشواروں کے نوٹ 1.1.1 میں اور انفرادی مالیاتی گوشواروں کے نوٹ 1.2 میں کیا گیا ہے۔

## سرمایہ کاری کمپنیوں کی کارکردگی

ہماری سرمایہ کاری کمپنیوں کا مختصر جائزہ درج ذیل ہے:

### کھاد

کمپنی کی ایک ایسوسی ایٹ، فاطمہ فرٹیلائزر کمپنی لمیٹڈ (FATIMA) نے شاندار عملی اور مالی کارکردگی کا مظاہرہ کیا اور اب تک کے سب سے زیادہ پیداوار کے حجم حاصل کیے۔ 30 جون 2024 کو ختم ہونے والے سال کے لیے، FATIMA

انفرادی طور پر، عارف حبیب کارپوریشن لمیٹڈ (AHCL) کا بعد از ٹیکس منافع 9,431 ملین روپے رہا، جو فی حصص آمدنی 22.36 روپے کے برابر ہے۔ یہ گذشتہ سال ریکارڈ کردہ 972 ملین روپے (یا 2.38 روپے فی حصص) بعد از ٹیکس خسارہ کے مقابلے میں ایک قابل ذکر بہتری ہے۔ بڑھتی ہوئی منافعیت کا بنیادی سبب منافع منقسمہ اور سرمایہ کاری پر حاصل کردہ اور غیر حاصل کردہ منافع ہیں۔

بورڈ نے 30 جون 2024 کو ختم ہونے والے مالی سال کے لیے 7 روپے فی حصص یعنی 70 فیصد حتمی نقد منافع منقسمہ کا اعلان کرنے کی سفارش کی ہے۔ یہ منافع منقسمہ ان حصص یافتگان کے لیے دستیاب ہوگا جن کے نام 12 نومبر 2024 کو دفتری اوقات کے اختتام پر حصص یافتگان کے رجسٹر میں موجود ہوں گے۔

### پوسٹ بیلنس شیٹ کے واقعات

زیر غور مالی سال کے دوران، عارف حبیب کارپوریشن لمیٹڈ (AHCL) کے حصص یافتگان کی ایک بڑی تعداد نے 26 دسمبر 2023 کو ہونے والے غیر معمولی عام اجلاس میں کمپنیز ایکٹ 2017 کی دفعات 279 تا 283 اور 285 کے تحت انتظام کرنے کی اسکیم (Scheme of Arrangement) کی منظوری دی۔ یہ اسکیم، دیگر امور کے علاوہ، عارف حبیب لمیٹڈ (AHL) سے کچھ غیر بنیادی کاروباری امور کے انضمام سے متعلق ہے، جس میں اثاثے، واجبات اور ذمہ داریاں شامل ہیں، اور اس کو AHL سے، جو کہ AHCL کی ذیلی کمپنی ہے، ڈیمرج کے ذریعے علیحدہ کیا جائے گا۔

ہمیں یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ حصص یافتگان کی جانب سے منظور شدہ اسکیم، سندھ ہائی کورٹ، کراچی نے اپنے 21 اکتوبر 2024 کے حکم نامے کے ذریعے، بغیر کسی تبدیلی کے منظور کر لی ہے۔

اس اسکیم کے مطابق، بورڈ آف ڈائریکٹرز نے 31 اکتوبر 2024 کو منعقدہ اپنے اجلاس میں فیصلہ کیا کہ 31 اکتوبر 2024 کی ریکارڈ تاریخ (Record Date) کے مطابق AHL کے اہل شیئر ہولڈرز کو کمپنی کے 13,321,747 حصص جاری کیے جائیں۔ چنانچہ، AHCL کا جاری کردہ اور ادا شدہ سرمایہ درج ذیل کے مطابق بڑھ گیا ہے:

# ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز 30 جون 2024 کو اختتام پذیر ہونے والے مالیاتی سال کیلئے عارف حبیب کارپوریشن لمیٹڈ کی سالانہ رپورٹ بشمول آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز رپورٹ پیش کرتے ہوئے پُرسرت ہیں۔

## بنیادی سرگرمیاں

عارف حبیب کارپوریشن لمیٹڈ (AHCL) عارف حبیب گروپ کی ہولڈنگ کمپنی ہے، جسکی سرمایہ کاری مختلف النوع شعبوں میں پھیلی ہوئی ہے جن میں کھاد، مالی خدمات، توانائی، سیمنٹ، اسٹیل، ریل اسٹیٹ، اور حصص مارکیٹ شامل ہیں۔

## معیشت

مالی سال 2023-24 کا آغاز میکرو اکنامک اشاریوں میں بہتری سے ہوا۔ روپے کی قیمت امریکی ڈالر کے مقابلے میں مستحکم ہوئی، افراط زر میں کمی آئی، اور اس کے ساتھ ہی شرح سود میں بھی کمی ہونا شروع ہوئی۔ KSE-100 انڈیکس میں مالی سال کے دوران بہترین کارکردگی کی وجہ سے 89.2 فیصد کا اضافہ ہوا۔ تاہم، کئی شعبوں کی طلب میں نمایاں کمی اب بھی برقرار ہے۔

یہ بہتری، IMF کی جانب سے 7 بلین ڈالر کی ایکسٹینڈڈ فنڈ فیسلٹی (EFF) کی منظوری کے ساتھ، ایک زیادہ مستحکم معیشت کی جانب راہ ہموار کرتی ہے، تاہم، مسلسل مالی اصلاحات، برآمدات میں اضافہ، اور غیر ملکی سرمایہ کاری کی کشش اس مثبت رفتار کو برقرار رکھنے کے لیے ضروری ہیں۔

## مالیاتی نتائج

مالی سال 2023-24 کے لیے، عارف حبیب کارپوریشن لمیٹڈ (AHCL) نے بعد از ٹیکس منافع 7,820 ملین روپے (جو سرپرست کمپنی کے مالکان سے منسوب کیا جاتا ہے) رپورٹ کیا، جو گذشتہ سال 3,418 ملین روپے تھا۔ فی حصص آمدنی 18.54 روپے رہی، جو کہ گذشتہ سال 8.37 روپے فی حصص تھی۔





# Form of Proxy 30<sup>th</sup> Annual General Meeting

The Company Secretary  
Arif Habib Corporation Limited  
Arif Habib Centre  
23, M.T. Khan Road  
Karachi.

I/ we \_\_\_\_\_ of \_\_\_\_\_ being a member(s)  
of Arif Habib Corporation Limited holding \_\_\_\_\_ ordinary shares as per  
CDC A/c. No. \_\_\_\_\_ hereby appoint Mr./Mrs./Miss \_\_\_\_\_  
\_\_\_\_\_ of (full address) \_\_\_\_\_

\_\_\_\_\_ or failing him/her  
Mr./Mrs./Miss \_\_\_\_\_ of (full address)  
\_\_\_\_\_

(being member of the company) as my/our Proxy to attend, act vote for me/us and on my/our behalf at  
the Thirtieth Annual General Meeting of the Company to be held on 27 November 2024 and/or  
any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

Witnesses:

1. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
CNIC No. : \_\_\_\_\_  
Signature : \_\_\_\_\_

Signature on  
Revenue Stamp

2. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
CNIC No. : \_\_\_\_\_  
Signature : \_\_\_\_\_

NOTES:

1. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
2. Proxy shall authenticate his/her identity by showing his/her original CNIC / passport and bring folio number at the time of attending the meeting.
3. In order to be effective, the proxy Form must be received at the registered office of the company not later than 48 hours before the meeting duly signed and stamped and witnessed by two persons with their signature, name, address and CNIC number given on the form.
4. In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy Form.
5. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted alongwith proxy Form.

# پراکسی فارم تیسواں سالانہ جنرل اجلاس

کمپنی سیکریٹری

عارف حبیب کارپوریشن لمیٹڈ

عارف حبیب سینٹر

23، ایم ٹی خان روڈ

کراچی۔

میں مسماة / مسماة ساکن \_\_\_\_\_ ضلع \_\_\_\_\_ بحیثیت ممبر

عارف حبیب کارپوریشن لمیٹڈ، حامل (تعداد) عمومی/خصوصی حصص بمطابق سی ڈی سی اکاؤنٹ \_\_\_\_\_

مسماة / مسماة ساکن \_\_\_\_\_ کو، بصورت دیگر مسماة / مسماة \_\_\_\_\_

ساکن \_\_\_\_\_ کو بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے تیسواں سالانہ اجلاس عام جو بتاریخ 27 نومبر 2024

بروز بدھ منعقد ہو رہا ہے میں، یا ان کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

گواہان:

2

1

نام: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

پتہ: \_\_\_\_\_

شناختی کارڈ نمبر: \_\_\_\_\_

شناختی کارڈ نمبر: \_\_\_\_\_

دستخط: \_\_\_\_\_

دستخط: \_\_\_\_\_

دستخط  
ریونیو اسٹیٹیمپ

نوٹ:

- وہ رکن جسے اجلاس میں شرکت یا ووٹ کا حق حاصل ہے وہ کسی ناگزیر صورت حال میں اپنی جگہ کسی دوسرے ممبر کو یہ حق دے سکتا ہے کہ وہ رکن اس کی پراکسی استعمال کرتے ہوئے اسکے بجائے اجلاس میں شریک ہو سکتا ہے خطاب کر سکتا ہے یا ووٹ کا اندراج کر سکتا ہے۔
- پراکسی ثابت کرنے کے لئے اسے اپنا اصل شناختی کارڈ یا پاسپورٹ اور فوٹو نمبر کو دکھانا لازمی ہے تاکہ اجلاس میں شرکت کی اجازت سے قبل اسکی شناخت کی جاسکے۔
- مؤثر بنانے کے لئے، پراکسی فارم کمپنی کے رجسٹرڈ دفتر پر اجلاس سے کم از کم 48 گھنٹے قبل وصول ہونا لازمی ہیں۔ فارم میں تمام مطلوبہ معلومات، رکن کے دستخط اور مہر، نیز دو گواہان کی بنیادی معلومات یعنی نام پتے، دستخط اور شناختی کارڈ نمبر کا اندراج ضروری ہے۔
- انفرادی رکن کی صورت میں اصل اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک کرنا لازمی ہے۔
- پراکسی کے کارپوریٹ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد، پاور آف اٹارنی، شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول، پراکسی فارم کے ساتھ منسلک کرنا لازمی ہے۔

# ARIF HABIB CORPORATION LIMITED

## BALLOT PAPER FOR VOTING THROUGH POST / EMAIL

For the Special Business at the Annual General Meeting to be held on Wednesday, 27<sup>th</sup> November 2024 at 11:30 a.m. at PSX Auditorium, Stock Exchange Building, Stock Exchange Road, Karachi as well as through electronic means.

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

chairman.generalmeeting@arifhabibcorp.com

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

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

Sr. No.	Nature and Description of resolutions	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
1.	<p><b>Agenda item No. 5</b></p> <p>To approve the following in connection with transactions with related parties:</p> <p>i. ratification and approval of related parties transactions / arrangements / agreements / balances as disclosed in audited financial statements for the year ended 30<sup>th</sup> June 2024</p> <p>ii. authorize the Board of Directors of the Company to approve those transactions with related parties (if executed) during the financial year ending 30<sup>th</sup> June 2025 or upto the next annual general meeting, which require approval of shareholders u/s 207 and / or 208 of the Companies Act, 2017</p> <p>by passing the following special resolutions with or without modification:</p> <p>Resolved that, the transactions / arrangements / agreements / balances with related parties as disclosed in the audited financial statements for the year ended 30<sup>th</sup> June 2024 be and are hereby approved.</p> <p>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 for the financial year ending 30th June 2025 or upto the next annual general meeting.</p> <p>Further resolved that, the transactions approved by the Board shall be deemed to have been approved by the shareholders u/s 207 and / or 208 of the Companies Act, 2017 (if triggered) and shall be placed before the shareholders in the next annual general meeting for their formal ratification / approval u/s 207 and / or 208 of the Companies Act, 2017 (if required).</p>			

2.	<p><b>Agenda item no. 6</b></p> <p>To consider and if deemed fit, to pass the following Special Resolutions with or without modification(s):</p> <p><b>Investment in Associated Companies &amp; Associated Undertakings</b></p> <p><b>Resolved that</b>, the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, for:</p> <ul style="list-style-type: none"> <li>- fresh limit of additional investments amounting to Rs.386 Million for equity and Rs.1,000 Million for loans, advances, running finance, guarantee, indemnity, pledge of shares etc. be allocated for the Arif Habib Limited (subsidiary company), subject to the terms and conditions as mentioned in Annexure-B of Statement under Section 134(3), valid for a period upto next annual general meeting, which shall be renewable thereon for further period(s) as specified.</li> <li>- renewal of following unutilised limits of equity investment, and sanctioned limits of loans / advances / guarantees etc. in associated companies and associated undertakings, for which approval has been sought in previous general meeting(s), as mentioned in detail in the Annexure-C of statement under Section 134(3), for a period upto next annual general meeting, unless specifically approved for a longer period, and shall be renewable thereon for further period(s) as specified.</li> </ul> <table border="1" data-bbox="237 1052 971 1846"> <thead> <tr> <th rowspan="3">Sr.</th> <th rowspan="3">Name of Associated Companies &amp; Undertakings</th> <th colspan="2">Amount in million</th> </tr> <tr> <th colspan="2">Renewal Requested</th> </tr> <tr> <th>Unutilized Equity Portion</th> <th>Sanctioned Loan/ Advance/ Guarantee etc.</th> </tr> <tr> <th></th> <th></th> <th>PKR</th> <th>PKR / USD</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Javedan Corporation Ltd.</td> <td>2,059</td> <td>PKR 3,132</td> </tr> <tr> <td>2.</td> <td>Arif Habib Ltd.</td> <td>114</td> <td>PKR 5,500</td> </tr> <tr> <td>3.</td> <td>Fatima Fertilizer Company Ltd.</td> <td>2,800</td> <td>PKR 2,000</td> </tr> <tr> <td>4.</td> <td>Rotocast Engineering Co. (Pvt.) Ltd.</td> <td>300</td> <td>PKR 500</td> </tr> <tr> <td>5.</td> <td>Arif Habib Dolmen REIT Management Ltd.</td> <td>1,000</td> <td>PKR 500</td> </tr> <tr> <td>6.</td> <td>Aisha Steel Mills Ltd.</td> <td>3,706</td> <td>PKR 8,103 plus USD 80</td> </tr> <tr> <td>7.</td> <td>Power Cement Ltd.</td> <td>3,697</td> <td>PKR 1,500 plus USD 49</td> </tr> <tr> <td>8.</td> <td>Sachal Energy Development (Pvt.) Ltd.</td> <td>754</td> <td>PKR 1,000 plus USD 100</td> </tr> <tr> <td>9.</td> <td>Safe Mix Concrete Ltd.</td> <td>200</td> <td>PKR 250</td> </tr> <tr> <td>10.</td> <td>REIT Schemes under management of Arif Habib Dolmen REIT Management Ltd.</td> <td>*11,507</td> <td>*</td> </tr> </tbody> </table> <p><b>Further resolved that</b>, the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 that:</p>	Sr.	Name of Associated Companies & Undertakings	Amount in million		Renewal Requested		Unutilized Equity Portion	Sanctioned Loan/ Advance/ Guarantee etc.			PKR	PKR / USD	1.	Javedan Corporation Ltd.	2,059	PKR 3,132	2.	Arif Habib Ltd.	114	PKR 5,500	3.	Fatima Fertilizer Company Ltd.	2,800	PKR 2,000	4.	Rotocast Engineering Co. (Pvt.) Ltd.	300	PKR 500	5.	Arif Habib Dolmen REIT Management Ltd.	1,000	PKR 500	6.	Aisha Steel Mills Ltd.	3,706	PKR 8,103 plus USD 80	7.	Power Cement Ltd.	3,697	PKR 1,500 plus USD 49	8.	Sachal Energy Development (Pvt.) Ltd.	754	PKR 1,000 plus USD 100	9.	Safe Mix Concrete Ltd.	200	PKR 250	10.	REIT Schemes under management of Arif Habib Dolmen REIT Management Ltd.	*11,507	*	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
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	<p>- investments in associated companies transferred pursuant to the sanction of the Scheme of Arrangement by the Honourable High Court of Sindh pertaining to, inter alia, the demerger of certain non-core business, including assets, liabilities and obligations, from Arif Habib Limited (AHL) and the merger / amalgamation of the same with and into Arif Habib Corporation Limited (AHCL), being the holding company of AHL, along with ancillary matters, be and is hereby approved.</p> <p>- *unutilized investment limit of Rs.11,507 million for the REIT Schemes under management of Arif Habib Dolmen REIT Management Ltd. (associated company), be hereby approved to be continue to be utilized in any form / nature of investment including equity, loans, advances, running finance, guarantee, indemnity, pledge of shares etc.</p> <p><b>Further resolved that</b>, the Chief Executive and/or any two directors jointly and/or any one director and Chief Financial Officer / Company Secretary jointly, be and are hereby authorized to take and do, and/or cause to be taken or done, any/all necessary actions, deeds and things which are or may be necessary for giving effect to the aforesaid resolutions and to do all acts, matters, deeds, and things which are necessary, incidental and/or consequential to the investment of the Company's funds as above, as and when required at the time of investment, including but not limited to negotiating and executing any necessary agreements/documents, and any ancillary matters thereto.</p>			
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**NOTES:**

1. Dully filled postal ballot should be sent to the Chairman of Arif Habib Corporation Limited through post at Arif Habib Centre, 23, M.T. Khan Road, Karachi, Pakistan (Attention of the Company Secretary) OR through the registered email address of shareholder at chairman.generalmeeting@arifhabibcorp.com
2. Copy of CNIC / Passport No. (in case of foreigner) should be enclosed with the postal ballot form.
3. Postal ballot forms through post or email should reach the Chairman by Tuesday, 26th November 2024 before 5:00 p.m. Any postal ballot received after this date and time, will not be considered for voting.
4. Signature on postal ballot should match with signature on CNIC / Passport No. (in case of foreigner).
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.
6. This postal Poll paper is also available for download from the website of Arif Habib Corporation Limited at <https://arifhabibcorp.com/announcement.php> Shareholders may download the ballot paper from website or use the same ballot paper as published in newspapers.

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

Place: \_\_\_\_\_

Date: \_\_\_\_\_





Arif Habib Corp

Arif Habib Centre  
23, M. T. Khan Road  
Karach-74000  
Tel: +02 21 32460717-19  
Fax: +92 21 32468117, 32429653  
Company website: [www.arifhabibcorp.com](http://www.arifhabibcorp.com)  
Group website: [www.arifhabib.com.pk](http://www.arifhabib.com.pk)