



# Arif Habib Corporation Limited

## Analyst Briefing - November 2021

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# Arif Habib Corporation Limited



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

AHCL was listed in 2001, with an initial public offering (IPO) of one million shares, targeting to raise PKR 80 million in order to finance growth. Since its listing in 2001, the Company has distributed PKR 14 billion as dividend (including specie dividend), PKR 720 million by buying back 2 million shares (having face value of PKR 10 each) at a price of PKR 360 per share in 2005-6 & PKR 1.225 billion by buying back 45.375 million shares (having face value of PKR 10 each) at a price of PKR 27 per share in 2019-20 from its shareholders. As on 30th June, the Company's equity was PKR 21 billion built through retained earnings.

Thus, by 30<sup>th</sup> June 2021, the initial investors in the IPO of the Company, have had a compounded all annualized return of 27.65% (2001).

The Arif Habib brand, is today seen as the name that assures a commitment to best practices and putting its stakeholders first, which they have come to expect of the Company striving to be the best in its class.

# AHCL's Investments as on 30<sup>th</sup> June 2021



S. No.	Strategic Investments	Shareholding (%)
1	Arif Habib Limited	69.44
2	Sachal Energy Development Private Limited	85.83
3	Black Gold Power Limited	100.00
4	MCB - Arif Habib Savings and Investments Limited	30.09
5	Fatima Fertilizer Company Limited	15.19
6	Pakarab Fertilizers Limited	30.00
7	National Resources (Private) Limited	9.57
8	Aisha Steel Mills Limited (Ordinary & Preference Shares)	9.80
9	Power Cement Limited	4.81
10	Javedan Corporation Limited	9.87



# Key Highlights



## Operating Revenue

Standalone	Consolidated
FY'21: 1,093.22 million +26%	FY'21: 5,523.60 million +9%
FY'20: 870.42 million	FY'20: 5,048.65 million

## EBITDA

Standalone	Consolidated
FY'21: 4,336.90 million +2,004%	FY'21: 11,049.55 million +91%
FY'20: Loss 227.81 million	FY'20: 5,777.23 million

## Profit / (loss) after tax

Standalone	Consolidated
FY'21: 3,874.06 million +780%	FY'21: 8,395.32 million +188%
FY'20: Loss 569.88 million	FY'20: 2,916.71 million

## Earnings / (loss) per Share

Standalone	Consolidated
FY'21: 9.49 +788%	FY'21: 18.33 +187%
FY'20: Loss 1.38	FY'20: 6.39

# Key Highlights



Total Assets	
Standalone	Consolidated
FY'21: 22,764.01 million +20%	FY'21: 49,767.09 million +14%
FY'20: 18,978.03 million	FY'20: 43,720.92 million

Total Equity	
Standalone	Consolidated
FY'21: 21,364.54 million +18%	FY'21: 32,890.89 million +30%
FY'20: 18,103.04 million	FY'20: 25,362.30 million

Breakup Value per Share	
Standalone	Consolidated
FY'21: 52.32 +18%	FY'21: 80.54 +30%
FY'20: 44.33	FY'20: 62.11

Long Term Liability to Equity	
Standalone	Consolidated
FY'21: 1.21% -89%	FY'21: 28.31% +37%
FY'20: 0.64%	FY'20: 45.04%

Current Ratio	
Standalone	Consolidated
FY'21: 5.47x 20%	FY'21: 2.40x +40%
FY'20: 4.55x	FY'20: 1.72x

# Subsidiaries



69.44%



69.44 %



100%



85.83%

# Arif Habib Limited (AHL)



AHL is engaged in equity, fixed income, money market & forex brokerage, investment banking corporate advisory services. AHL has two wholly owned subsidiaries, Arif Habib Commodities Limited providing commodities futures brokerage services and Arif Habib 1857. AHL has the distinction of being the only brokerage company that found its place in “Top 25 Companies” of Pakistan Stock Exchange for last several years. It has also been recognized by The Asset, Asiamoney, Global Capital, CFA Society, amongst others.

<b>Contribution in AHCL's P&amp;L</b>	
<b>Standalone</b>	
Operating revenue	FY'21: 109 million +5350% FY'20: 2 million
Gain / (loss) on sale of securities:	FY'21: Nil +100% FY'20: Loss 37 million

<b>Contribution in AHCL's P&amp;L</b>	
<b>Consolidated</b>	
Operating revenue	FY'21: 1,582 million +102% FY'20: 783 million
Profit after tax	FY'21: 2,105 million +2784% FY'20: 73 million





SEDPL operates a 50 MW wind farm at Jhimpir, Sindh, contributing to national development by reducing dependence on imported fossil fuels and producing 136.5GWh of clean energy per annum. The ground breaking was performed by the Chinese President as it is part of the early harvest projects of CPEC. SEDPL is the first Pakistani owned Wind project under CPEC to have achieved commercial operations. SEDPL also holds the honour of being the first privately owned Pakistani project to receive SINOSURE backed financing and the first such project to receive financing from ICBC, China.

<b>Contribution in AHCL's P&amp;L</b>	
<b>Standalone</b>	
Operating revenue	FY'21: 11 million -8% FY'20: 12 million

<b>Contribution in AHCL's P&amp;L</b>	
<b>Consolidated</b>	
Operating revenue	FY'21: 3,863 million -6% FY'20: 4,099 million
Profit after tax	FY'21: 1,875 million +2% FY'20: 1,843 million

# Black Gold Power Limited (BGPL)



BGPL has been incorporated to set up a 660MW mine mouth coal power plant at Thar Coal Block II, Phase IV, Sindh. The company has obtained coal allocation for 660 MW from Sindh Engro Coal Mining Company. The feasibility study of the project is currently in progress and is being conducted by internationally renowned Consultants. The company is currently in the process of obtaining registration at the Private Power Infrastructure Board (PPIB) and will move towards obtaining LOI from the same.

<b>Contribution in AHCL's P&amp;L</b>	
<b>Standalone</b>	
Operating revenue	FY'21: Nil FY'20: Nil

<b>Contribution in AHCL's P&amp;L</b>	
<b>Consolidated</b>	
Operating revenue	FY'21: 0.05 million -50% FY'20: 0.1 million
Loss after tax	FY'21: 0.8 million -300% FY'20: 0.2 million

# Associates



**15.19%**



**30%**



**30.09%**



**NATIONAL RESOURCES**

**9.57%**

# Fatima Fertilizer Company Limited (FFCL)



Fatima Fertilizer Company Limited (FFCL) was set up as a joint venture between the Fatima and the Arif Habib Groups, as a Greenfield fertiliser complex, having a production capacity of 1.4 million tonnes, a fully integrated production facility located at Sadiqabad, Rahim Yar Khan near the Mari Gas Field, which supplies its feed-stock.

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

Contribution in AHCL's P&L	
Standalone	
Operating revenue	FY'21: 798 million +25% FY'20: 638 million
Re-measurement gain / (loss)	FY'21: 644 million +167% FY'20: Loss 995 million

Contribution in AHCL's P&L	
Consolidated	
Share of profit – net of tax	FY'21: 2,495 million +83% FY'20: 1,366 million

# Pakarab Fertilizers Limited (PAFL)



PAFL was principally engaged in the manufacturing and sale of chemical. The company became the first Pakistani company to earn and sell Carbon Credits in the international market.

Fatima Fertilizer Company Limited has acquired manufacturing business of fertilizer and plants of PAFL. Post the sale of PAFL's production and operating plants, PAFL now plans to focus on trading of imported DAP and sale of liquified carbon dioxide. It is also providing man-power services for operation and maintenance of plant sold to FATIMA.

<b>Contribution in AHCL's P&amp;L</b>	
<b>Standalone</b>	
Operating Revenue	FY'21: Nil FY'20: Nil

<b>Contribution in AHCL's P&amp;L</b>	
<b>Consolidated</b>	
Share of profit / (loss) – net of tax	FY'21: Nil FY'20: Nil



MCB-Arif Habib Savings and Investments Limited (MCBAH) is an Asset Management, Investment Advisory and Pension Fund Management Company in a joint venture with MCB Bank.

It manages Open-end Mutual Funds, Pension Funds as well as Discretionary and Non-discretionary Portfolios for institutional and individual clients. MCBAH has been an industry leader, known for setting international standards of international best practices in delivering its fiduciary responsibilities and in bringing innovative products to market, including the use of technology in creating innovative distribution channels. As of 30<sup>th</sup> June 2021, it had PKR 155.4 billion under management.

Contribution in AHCL's P&L	
Standalone	
Operating revenue	FY'21: 97 million +90% FY'20: 51 million
Re-measurement gain / (loss)	FY'21: 301 million +10133% FY'20: Loss 3 million

Contribution in AHCL's P&L	
Consolidated	
Share of profit – net of tax	FY'21: 113 million +51% FY'20: 75 million



# National Resources (Private) Limited (NRPL)



National Resources (Private) Limited (NRPL) was incorporated in Pakistan as a private limited company, on 8th February 2019 in Pakistan under Companies Act, 2017. The principal line of business of NRPL is to carry on the business of exploring, operating and working on mines, quarries and other related activities.

Currently, NPRL is in its pre-feasibility stage and has not yet commenced its operations and has yet to apply for a mining license.

<b>Contribution in AHCL's P&amp;L</b>	
<b>Standalone</b>	
Operating Revenue	FY'21: Nil FY'20: Nil
Re-measurement Loss	FY'21: Nil FY'20: Nil

<b>Contribution in AHCL's P&amp;L</b>	
<b>Consolidated</b>	
Share of loss– net of tax	FY'21: 0.8 million -100% FY'20: Nil

# Other Group Companies



9.87%



4.81%



9.80%

# Aisha Steel Mills Limited (ASML)



Aisha Steel Mills Limited (ASML), a listed entity incorporated in 2005, is a state-of-the-art Cold Rolling mill and produces high quality Cold Rolled Coils (CRC) and galvanized steel.

The plant is located in the Down-Stream Industrial Estate of Pakistan Steel, Bin Qasim, Karachi. The production capacity of ASML is around 700,000MT per annum.

<b>Contribution in AHCL's P&amp;L</b>	
<b>Standalone</b>	
Operating revenue	FY'21: 25 million -62% FY'20: 66 million
Re-measurement gain	FY'21: 1,306 million +1193% FY'20: 101 million
Gain on sale of securities	FY'21: 97 million +100% FY'20: Nil

# Power Cement Limited (PCL)



PCL is situated on M-9 Motorway in Nooriabad Industrial Area, Jamshoro, Sindh. With a production capacity of 3.40 million tons per annum PCL is the second largest cement producer in the South.

Power Cement's primary target is the domestic market as it caters to the Southern region of Pakistan. Its products are also exported to markets located in the region. Power Cement plants are environment friendly and the emissions from the PCL cement plants comply with the World Bank/IFC Standards. The company is listed on the Pakistan Stock Exchange.

<b>Contribution in AHCL's P&amp;L</b>	
<b>Standalone</b>	
Operating revenue	FY'21: 3 million -81% FY'20: 16 million
Re-measurement gain / (loss)	FY'21: 398 million +1692% FY'20: Loss 25 million
Gain on sale of securities	FY'21: 82 million +100% FY'20: Nil

# Javedan Corporation Limited (JCL)



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

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

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

<b>Contribution in AHCL's P&amp;L</b>	
<b>Standalone</b>	
Operating Revenue	FY'21: 4 million +300% FY'20: 1 million
Re-measurement gain / (loss)	FY'21: 484 million +406% FY'20: Loss 158 million

# Post Balance Sheet Event - Dividend



The Board of Directors proposed a final cash dividend of PKR 3 per share amounting to PKR 1,225,125,000 at its meeting held on 29<sup>th</sup> September 2021 which the members approved at the annual general meeting held on 28<sup>th</sup> October 2021. Effect of the same shall be reflected in the next year's financial statements.





# Queries



*Thank you!*