KASHF FOUNDATION

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2025

INDEPENDENT AUDITOR'S REPORT

To the members of Kashf Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Kashf Foundation (the Company), which comprise the statement of financial position as at June 30, 2025, and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in accumulated funds, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information 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 statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in accumulated funds and the statement of cashflows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by 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, 2025 and of the surplus and other comprehensive loss, the changes in accumulated funds and its cashflows 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 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.

Information Other than the Financial Statements and Auditor's Reports Thereon

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

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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.

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 statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in accumulated funds and the 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).

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad.

A. F. Ferguson & Co.
Chartered Accountants

Lahore

Date: October 26, 2025

UDIN: AR202510092I1eKiOV5d

KASHF FOUNDATION
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

	Note	2025	2024
		Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	2,064,163,104	1,904,908,887
Intangible assets	7	23,205,171	31,625,362
Long term investments	8	861,303,824	507,620,068
Long term loans	9	39,043,004	17,100,880
Long term micro-credit loan portfolio	10	121,103,637	66,855,184
Long term Kashf murabaha portfolio	11	2,909,277	2,217,376
Long term deposits	12	151,654,100	152,151,700
		3,263,382,117	2,682,479,457
CURRENT ASSETS			
Micro-credit loan portfolio	13	35,595,460,598	27,771,201,709
Kashf murabaha portfolio	14	1,440,741,725	1,124,075,762
Accrued service charges	15	633,183,955	517,284,248
Short term investments	16	7,686,692,813	6,864,488,934
Advances, deposits, prepayments and other receivables	17	775,132,784	707,543,775
Cash and bank balances	18	7,812,241,564	8,720,866,086
		53,943,453,439	45,705,460,514
		57,206,835,556	48,387,939,971
FUNDS AND LIABILITIES			
FUNDS			
Donated funds	19	237,255,711	237,255,711
Accumulated surplus		9,121,409,608	6,905,971,716
Loan loss reserve	20	1,865,418,133	1,456,694,519
Special reserve	21	364,556,817	226,443,054
Hedging reserve	22	(289,375,838)	(19,463,980)
Surplus on revaluation of land	23	448,928,205	448,928,205
		11,748,192,636	9,255,829,225
NON-CURRENT LIABILITIES			
Long term financing	24	22,409,134,400	15,317,323,321
Lease liabilities	25	108,026,720	107,975,231
Deferred tax liability	26	321,451,488	214,893,584
		22,838,612,608	15,640,192,136
CURRENT LIABILITIES			
Current portion of long term financing	24	18,090,759,798	18,602,420,519
Current portion of lease liabilities	25	121,109,138	82,136,650
Short term borrowings	27	258,602,580	1,178,335,845
Deferred grants	28	517,100,937	261,093,273
Financial liabilities used for hedging	29	842,123,554	226,803,709
Accrued markup	30	826,100,089	916,123,694
Trade and other payables	31	1,964,234,216	2,225,004,920
		22,620,030,312	23,491,918,610
CONTINGENCIES AND COMMITMENTS	32		
		57,206,835,556	48,387,939,971

The annexed notes 1 to 56 form an integral part of these financial statements.

Chief Executive Officer	**Chief Financial Officer**	**Director**

KASHF FOUNDATION
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025	2024
		Rupees	
INCOME			
Mark-up and other charges on micro-credit loan portfolio	33	14,555,600,996	11,619,750,998
Profit and other charges on Kashf murabaha portfolio	34	597,103,180	483,196,472
Grant income	35	546,816,958	302,846,265
Return on investments and bank deposits	36	1,764,973,574	2,205,747,328
		17,464,494,708	14,611,541,063
LESS: EXPENDITURE			
Programme cost	37	5,074,627,423	3,945,094,386
Expected credit losses on micro-credit loan portfolio, Kashf murabaha portfolio and accrued service charges		83,744,374	62,080,382
Grant expenses	38	546,816,958	302,846,265
Finance cost	39	7,185,999,502	7,353,033,011
		12,891,188,257	11,663,054,044
		4,573,306,451	2,948,487,019
Less: Management and administrative expenses	40	853,780,766	682,749,808
Less: Other expenses	41	-	174,577,958
		853,780,766	857,327,766
Other income	42	644,573,615	462,843,152
SURPLUS OF INCOME OVER EXPENDITURE BEFORE MINIMUM TAX DIFFERENTIAL AND INCOME TAX		4,364,099,300	2,554,002,405
Final and minimum tax differential	43	(1,418,522)	(135,933,387)
SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAXATION		4,362,680,778	2,418,069,018
Taxation expense	44	(1,600,405,509)	(3,089,988,699)
SURPLUS / (DEFICIT) OF INCOME OVER EXPENDITURE FOR THE YEAR		2,762,275,269	(671,919,681)

The annexed notes 1 to 56 form an integral part of these financial statements.

Chief Executive Officer | **Chief Financial Officer** | **Director**

KASHF FOUNDATION

(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
	Rupees	
SURPLUS / (DEFICIT) OF INCOME OVER EXPENDITURE FOR THE YEAR	2,762,275,269	(671,919,681)
OTHER COMPREHENSIVE LOSS FOR THE YEAR:		
Items that may be reclassified to statement of income and expenditure in subsequent periods:		
Cashflow hedges		
- effective portion of changes in fair value	(615,319,845)	(5,613,134,602)
- reclassified to statement of income and expenditure	244,458,000	4,962,787,367
- reclassification of forward points to statement of income and expenditure - net	182,141,769	521,698,677
- income tax related to items that may be reclassified	(81,191,782)	-
	(269,911,858)	(128,648,558)
Items that will not be reclassified to statement of income and expenditure in subsequent periods:		
Deferred tax		
- Deferred tax on revaluation surplus	-	(287,019,672)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	(269,911,858)	(415,668,230)
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	2,492,363,411	(1,087,587,911)

The annexed notes 1 to 56 form an integral part of these financial statements.

Chief Executive Officer | **Chief Financial Officer** | **Director**

KASHF FOUNDATION

(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

FOR THE YEAR ENDED JUNE 30, 2025

			Revenue reserves	Capital reserves				
	Note	Donated funds	Accumulated surplus	Loan loss reserve	Special reserve	Hedging reserves	Surplus on revaluation of land	Total
					Rupees			
Balance as at July 1, 2023		237,005,711	7,701,459,418	1,333,126,498	226,443,054	109,184,578	735,947,877	10,343,167,136
Total comprehensive income								
Deficit of income over expenditure for the year		-	(671,919,681)	-	-	-	-	(671,919,681)
Other comprehensive loss for the year		-	-	-	-	(128,648,558)	(287,019,672)	(415,668,230)
		-	(671,919,681)	-	-	(128,648,558)	(287,019,672)	(1,087,587,911)
Micro-credit loan portfolio disbursed against donated funds		250,000	-	-	-	-	-	250,000
Transferred from accumulated surplus to loan loss reserve	20	-	(123,568,021)	123,568,021	-	-	-	-
Transferred from accumulated surplus to special reserve	21	-	-	-	-	-	-	-
Balance as at June 30, 2024		237,255,711	6,905,971,716	1,456,694,519	226,443,054	(19,463,980)	448,928,205	9,255,829,225
Total comprehensive income								
Surplus of income over expenditure for the year			2,762,275,269	-	-	-	-	2,762,275,269
Other comprehensive loss for the year		-	-	-	-	(269,911,858)	-	(269,911,858)
		-	2,762,275,269	-	-	(269,911,858)	-	2,492,363,411
Transferred from accumulated surplus to -loan loss reserve	20	-	(408,723,614)	408,723,614	-	-	-	-
Transferred from accumulated surplus to special reserve	21	-	(138,113,763)	-	138,113,763	-	-	-
Balance as at June 30, 2025		237,255,711	9,121,409,608	1,865,418,133	364,556,817	(289,375,838)	448,928,205	11,748,192,636

The annexed notes 1 to 56 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

KASHF FOUNDATION
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025	2024
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus of income over expenditure before minimum tax differential and income tax		4,364,099,300	2,554,002,405
Adjustments for non cash items:			
Depreciation	6.3	271,705,205	222,424,155
Amortisation	7.1.1	10,725,063	10,212,291
Mark-up on lease liabilities	25.2	33,896,381	31,611,897
Grant income	35	(546,816,958)	(302,846,265)
Return on investments and bank deposits	36	(1,764,973,574)	(2,205,747,328)
Reclassification of forward points	39	1,921,855,789	521,698,677
Amortisation of transaction costs of long term loans	39	91,458,294	91,862,203
Finance cost on borrowings	39	4,706,187,184	5,757,544,197
Capital gain on mutual funds	42	(394,953,886)	-
Fair value gain on Term Finance Certificates (TFCs)	42	(7,187,428)	-
Dividend income	42	(95,542,854)	(389,567,195)
Foreign exchange (income) / loss - net	41	(53,923,483)	56,305,443
Gain on disposal of property and equipment	42	(12,695,714)	(20,784,767)
Gain on termination of lease	42	(14,764,561)	(2,158,883)
Liabilities written back	42	(20,900,784)	(11,807,059)
Expected credit losses on micro-credit loan portfolio, Kashf murabaha portfolio and accrued service charges		83,744,374	62,080,382
		4,207,813,048	3,820,827,748
Surplus before working capital changes		8,571,912,348	6,374,830,153
Effect on cash flows due to working capital changes			
Increase in current assets			
Increase in micro-credit loan portfolio		(7,960,342,482)	(2,417,709,315)
Increase in Kashf murabaha portfolio		(319,906,611)	(112,986,919)
Increase in accrued service charges		(115,260,194)	(78,054,442)
Increase in advances, deposits, prepayments and other receivables		(222,498,243)	(157,773,862)
		(8,618,007,530)	(2,766,524,538)
Increase in current liabilities			
Increase in deferred grants		802,824,622	122,396,137
Increase in trade and other payables		387,552,627	351,388,557
		1,190,377,249	473,784,694
Cash generated from operations		1,144,282,067	4,082,090,309
Finance cost paid		(4,796,210,789)	(5,767,293,497)
Long term loans disbursed - net		(21,942,124)	(12,417,677)
Long term deposit - net		497,600	(2,588,340)
Tax and final and minimum tax differential paid		(2,122,688,674)	(1,451,453,032)
		(6,940,343,987)	(7,233,752,546)
Net cash used in operating activities		(5,796,061,920)	(3,151,662,237)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(293,128,040)	(80,841,295)
Sale proceeds from disposal of property and equipment		13,863,331	21,860,931
Return received on investments and bank deposits		1,919,882,808	2,152,636,732
Long term and short term investments made - net		(640,382,369)	(2,908,039,947)
Net cash generated from / (used in) from investing activities		1,000,235,730	(814,383,579)
CASH FLOW FROM FINANCING ACTIVITIES			
Transaction costs paid for long term loans		(76,379,246)	(81,026,064)
Payment of lease liabilities		(121,411,714)	(107,306,405)
Long term and short term financing obtained - net		5,059,392,866	6,370,411,662
Net cash generated from financing activities		4,861,601,906	6,182,079,193
Effect of exchange rate changes on cash and cash equivalents		19,773,082	(18,159,720)
Net increase in cash and cash equivalents		85,548,798	2,197,873,657
Cash and cash equivalents at the beginning of the year		7,726,692,766	5,528,819,109
Cash and cash equivalents at the end of the year	45	7,812,241,564	7,726,692,766

The annexed notes 1 to 56 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

KASHF FOUNDATION
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1 Corporate and general information

1.1 Legal status and operations

Kashf Foundation ("the Company") was incorporated in Pakistan on February 2007 as a public company limited by guarantee, not having a share capital and licensed as a non-profit organization under section 42 of the Companies Ordinance, 1984 (now the Companies Act, 2017). In October 2016, the Company received license from Securities and Exchange Commission of Pakistan (SECP), to carry out investment finance services as a Non-Banking finance company (NBFC) under rule 5 of the Non Banking-Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules).

The principal activity of the Company is to provide cost effective micro-finance services to poor households in order to enhance their economic role and allow self-employed individuals a sustained opportunity of matching existing skills with financial resources. The Company also provides non-financial services in the form of training through vocational training centers both to its borrowers and to its staff. The Pakistan Credit Rating Agency (PACRA) has assigned the long-term rating of 'A' with stable outlook and short term rating of 'A1' to the Company as on Feburary 21, 2025. Registered office of the Company is situated at 1-C, Shahrah Nazaria-e-Pakistan, Lahore. The Company has 12 (2024: 11) regional offices, 79 (2024: 68) area offices and 422 (2024: 382) branches in Pakistan.

The geographical locations of regional offices of the company are listed below:

Regional office	Geographical location
Lahore Region	19 Aibak Block, Garden Town, Lahore.
Bahawalpur Region	Muhammadia Colony, Noor Mehal Road, Bahawalpur.
Sargodha Region	Satellite Town C Block, Zafar Ullah Chowk, Sargodha.
Sahiwal Region	Dubai Garden G.T Road, Sahiwal.
Multan Region	1455 E Noon Street, Nasheman Colony Bosan Road, Multan.
Gujranwala Region	Ch.Ishaq Sahi Wala Gala, Circular Road, Daska.
Faislabad Region	Mohalla Kapaean, Katchehri Road, Jhang.
Islamabad Region	Shabir Lane Street, Main Peshawar Road, Rawalpindi.
KPK Region	Alnoor Colony, University Town, Peshawar.
Karachi Region	D 91, Second Floor Block 4 Gulshan Iqbal, Karachi.
Sukkur Region	Friends Cooperative Housing Society, Airport Road, Sukkur.
Hyderabad Region	Latifabad Unit 3, Giddu Chowk, Autobhan Plaza Road.

2 Statement of compliance

2.1 These 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) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017;
- Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations);
- Islamic Financial Accounting Standards (IFAS) issued by the ICAP as are 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, NBFC Rules and NBFC Regulations differ from the IFRS Standards or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017, NBFC Rules and NBFC Regulations have been followed.

2.2 Interpretations and amendments to published approved accounting standards that became effective during the year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2024 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, excepts for the followings:

a) Amendment to International Accounting Standard (IAS) 1, "Non-current liabilities with covenants" (effective for annual period beginning on January 1, 2024)

The amendment clarifies how conditions that an entity must comply with within twelve months after the reporting period affect the classification of a liability. The amendment also aims to improve the information an entity provides related to liabilities subject to these amendments. The amendment clarifies that a liability should be classified as a current liability if a breach of covenant that gives the lender the right to demand immediate repayment occurs at or prior to the end of the reporting period, unless sufficient relief is granted by the lender before or at the end of the reporting period.

The above amendment did not result in any significant changes to these financial statements.

2.3 Standard, Interpretations and amendments to published approved accounting standards that are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after July 1, 2025 or later periods, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

a) International Financial Reporting Standard (IFRS) S1, "General requirements for disclosure of sustainability-related financial information" and International Financial Reporting Standard (IFRS) S2, "Climate-related disclosures"

The International Sustainability Standards Board ('ISSB') issued its first two sustainability reporting standards on June 26, 2023, applicable on reporting periods beginning on or after January 01, 2024, subject to endorsement of the standards by local jurisdictions. These standards include the core framework for the disclosure of material information about sustainability-related risks, opportunities across an entity's value chain and set out the requirements for entities to disclose information about climate-related risks and opportunities.

IFRS S1 requires entities to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reporting in making decisions relating to providing resources to the entity. The standards provide guidance on identifying sustainability-related risks and opportunities, and the relevant disclosures to be made in respect of those sustainability related risks and opportunities.

IFRS S2 is a thematic standard that builds on the requirements of IFRS S1 and is focused on climate-related disclosures. IFRS S2 requires an entity to identify and disclose climate-related risks and opportunities that could affect the entity's prospects over the short, medium and long term. In addition, IFRS S2 requires entities to consider other industry-based metrics and seven cross-industry metrics when disclosing qualitative and quantitative components on how the entity uses metrics and targets to measure, monitor, and manage the identified material climate-related risks and opportunities. The cross-industry metrics include disclosures on Green House Gas ('GHG') emissions, transition risks, physical risks, climate-related opportunities, capital deployment, internal carbon prices and remuneration.

The Securities and Exchange Commission of Pakistan ('SECP') vide order dated December 31, 2024 has adopted the afore-mentioned standard(s) in a phased manner with application for listed companies fulfilling certain criteria, effective from annual reporting periods beginning on or after July 1, 2025. The Company is yet to assess the impact of this Standard on its financial statements.

b) **Amendment to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments Disclosure, Classification and Measurement of Financial Instruments (effective for annual period beginning on or after January 1, 2026)**

The IASB has issued narrow-scope amendments to IFRS Standards. The amendments aim to:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

- clarify and add further guidance for assessing whether a financial asset meets the Solely Payments of Principal and Interest ('SPPI') criterion;

- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance ('ESG') targets); and

- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income ('FVOCI').

An important clarification brought about in these amendments is that a payment instruction (e.g. a cheque) that is prepared for a future payment will generally not meet the requirements for the financial liability to be discharged and hence derecognized. The previous practice of financial liabilities being derecognized upon issuance of cheques would need to be reconsidered.

The Company is in process to assess the impact of this Standard and amendments to existing standards on its financial statements.

c) **Annual improvements to International Financial Reporting Standards – Volume 11 (effective for annual period beginning on July 1, 2026)**

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;

- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;

- IFRS 9 Financial Instruments;

- IAS 7 Statement of Cash Flows.

d) **IFRS 18 "Presentation and Disclosure in Financial Statements" (effective for annual periods beginning or after January 1, 2027)**

The IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. IFRS 18 will replace IAS 1 'Presentation of financial statements', introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

- the structure of the statement of Income and Expenditure;

- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management defined performance measures); and

- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Company is in process to assess the impact of this Standard and afore-mentioned improvements / amendments to existing standards on its financial statements.

3 Basis of preparation

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention, except where specific basis of measurement has been mentioned in relevant notes. In these financial statements, except for statement of cash flows, all the transactions have been accounted for on accrual basis.

3.2 Functional and presentation currency

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

4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates, associated assumptions and judgments are continually evaluated and are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision 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 revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

		Note
-	Useful lives, residual values and impairment of property and equipment	4.1
-	Useful lives, residual values and impairment of intangible assets	4.2
-	Revaluation of property and equipment	4.3
-	Expected credit loss on micro-credit loan portfolio, Kashf murabaha portfolio and accrued service charges	4.4
-	Expected credit loss on investment in debt and equity securities	4.5
-	Fair value of derivatives	4.6
-	Expected credit loss on long term loans	4.7
-	Lease term and discount rate for lease liabilities	4.8
-	Allocation of head office expenses	4.9
-	Provision for taxation	4.10
-	Provisions and contingencies	4.11

4.1 Useful lives, residual values and impairment of property and equipment

The Company regularly assesses the suitability of depreciation rates, useful lives, and residual values applied to Property and equipment as mentioned in note 5.2. Additionally, an estimate of the recoverable amount of assets is made annually, where applicable, to check for potential impairment.In making these estimates, the Company utilizes internal or external technical expertise as needed. Any future changes to these estimates could impact the carrying value of Property and equipment, affecting both depreciation charges and potential impairment.

4.2 Intangible assets

Intangible assets with a finite useful life are capitalized initially at cost and subsequently stated at cost less accumulated amortization and impairment losses, if any. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in statement of income and expenditure.

Amortization is recognized in statement of income and expenditure. on a straight-line basis over the estimated useful lives of intangible assets, in line with the rates mentioned in note 5.3. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if required.The Company assesses at each statement of financial position date whether there is any indication that intangible assets may be impaired.

4.3 **Revaluation of property and equipment**

Revaluation of freehold land is conducted by independent professional valuers, which are updated after every three years. The Company undertakes revaluations based on significant changes in the fair value of the assets being assessed. If the fair value of a revalued asset differs substantially from its carrying amount, updated revaluation is carried out.

4.4 **Expected credit loss on micro-credit loan portfolio, Kashf murabaha portfolio and accrued service charges**

At each reporting date, impairment on receivables is determined under expected credit loss model in accordance with the guidance provided in IFRS 9 - Financial Instruments. Judgment by management is required in the estimation of the amount and timing of future cash flows while determining the extent of impairment required. Such estimates are based on assumption about a number of factors including credit history of the counterparty, forecasted macroeconomic factors and varied credit variable affecting the repayment capacity of the borrowers. Actual cash flows may differ resulting in subsequent changes to the provisions.

4.5 **Expected Credit Loss on investment in debt securities**

In accordance with IFRS 9 – Financial Instruments, the Company assessed the need for recognizing an Expected Credit Loss (ECL) on its investments in debt securities measured at amortized cost or FVTOCI. As part of this assessment, the credit ratings of the financial institutions and issuers of these securities were reviewed. Based on the credit ratings and financial stability of the counterparties, significant increase in credit risk is determined.

4.6 **Fair value of derivative financial instruments**

The Company reviews changes in fair values of the derivative hedging financial instruments at each reporting date based on the valuations received from the contracting banks. These valuations represent estimated fluctuations in the relevant currencies / interest rates over the reporting period and other relevant variables signifying currency and interest rate risks.

4.7 **Impairment of long term loan**

Loans to employee

Interest free loans or loans at a below market rate of interest are carried at present value and the difference between present value and loan proceeds is treated as loss on below market rate loans. A corresponding charge at market rate of interest on the carrying value of loan is recognized as unwinding of interest in the statement of income and expenditure.

Loans provided to employees for the purchase of scooters are secured against their Provident Fund (PF) contributions. Given this security, these loans carry minimal credit risk. In the event of default or employment termination, the outstanding loan balance can be recovered from the employee's PF.

Loan to Kashf Holding

The loan provided to Kashf Holding (Private) Limited has been impaired. In accordance with IFRS 9 – Financial Instruments, financial assets like loans are evaluated for impairment using the Expected Credit Loss (ECL) model. Through this assessment, the Company concluded that the loan was not recoverable due to the financial challenges faced by the associate. As a result, the entire carrying amount of the loan was impaired, and a loss equivalent to the lifetime ECL was recognized during the appropriate period.

Although the loan has been fully impaired since 2018, the Company continues to monitor the associate's financial position and assess any potential for recovery in line with IFRS 9 requirements.

4.8 **Lease term and discount rate for lease liabilities**

Estimates with respect to lease term are based on the analysis of the management of the Company keeping in view the contractual arrangement with the lessors. The rate used to discount future lease payments under lease agreements represents the Company's incremental borrowing rate.

4.9 Allocation of head office and field expenses to grant expense

The Company's expenses include both direct and indirect costs attributed to grant expenses. Indirect costs are calculated based on the hours employees spend working on grant-related activities. Field office expenses are considered operational, while head office expenses are divided into administrative and operational costs. The management estimates that expenses incurred at the field offices are operational in nature while expenses incurred at the head office can be bifurcated into administrative expenditure and operational expenditures, respectively.

4.10 Provision for taxation

In making estimates for income taxes currently payable by the Company, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Company's view differs with the view taken by the income tax authorities and such amounts are shown as a contingent liability.

4.11 Provisions and contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5 Material accounting policy information

The material accounting policies adopted for the preparation of the financial statements are set out below. These accounting policies have been consistently applied to all the years presented, were otherwise stated.

5.1 Measurement of fair values

A number of the accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. If third party information, such as broker quotes, is used to measure fair values, then the management assesses the evidence obtained independently or from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified. The significant item measured at fair value includes fair value measurements of cross currency swaps and currency forwards.

5.2 Property and equipment

Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount, being the fair value at the date of revaluation. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Any revaluation increase arising on the revaluation of freehold land is recognised in other comprehensive income and presented as a separate component of equity as "Surplus on revaluation of land", except to the extent that it reverses a revaluation or impairment decrease for the same asset previously recognised in the statement of income and expenditure, in which case the increase is credited to the income and expenditure to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of assets is charged to income and expenditure to the extent that it exceeds the balance, if any, held in the revaluation surplus on freehold land relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to accumulated surplus.

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 benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Major repairs and improvements are capitalized and the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statement of income and expenditure as and when incurred.

Depreciation

Depreciation is calculated using the straight line method so as to write off the property and equipment, over their expected useful lives. Depreciation is calculated at the rates stated in note 6.1. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. The effect of any revision are charged to statement of income and expenditure account for the year, when the changes arise. Depreciation on additions to property and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed-off.

An item of operating fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised in statement of income and expenditure for the year.

Impairment

The Company assesses at each statement of financial position date whether there is any indication that operating foxed asset and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income and expenditure. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

When impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognised as income.

5.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and if the cost of such asset can be measured reliably. Cost of the intangible asset includes its purchase cost and any directly attributable cost of preparing the asset for its intended use.

Expenditure incurred to acquire computer software is capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss. These are amortized using the straight line method over their estimated useful life.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by the management.After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using straight line method at the rate given in Note 7.1. Full month amortization is charged in month of acquisition and no amortization is charged in month of disposal.

Subsequently the expenditure is capitalized when it increases the future economic benefits embodied in the specific assets to which it relates.

The residual value, useful life and amortization method is reviewed and adjusted, if significant, at each reporting date.

The Company assesses at each statement of financial position date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in statement of income and expenditure. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

5.4 Non-derivative financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in statement of income and expenditure for the year.

Major categories of financial assets represent investments, advances, deposits, micro-credit loan portfolio, kashf murhaba portfolio, accrued service charges other receivables and cash and bank balances.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and mainly comprise creditors, accrued expenses, lease liabilities, borrowings, accrued markup and other payables.

5.4.1 Non-derivative financial assets - Classification and measurement

Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at Fair Value either Through Other Comprehensive Income ("FVOCI"), or Through Profit or Loss ("FVTPL"); and
- Those to be measured at amortized cost.

The classification depends upon Company's business model for managing the financial assets and the contractual terms of the cash flows.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation of certain financial assets with respect to subsequent measurement either through income and expenditure or other comprehensive income.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

Initial recognition

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's Fair Value in Other Comprehensive Income (OCI). This election is made on an investment-by-investment basis.

All financial assets measured at other than amortized cost or FVOCI, are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition except the financial asset measured at subsequent measurement FVTPL.

Depreciation

Depreciation is calculated using the straight line method so as to write off the property and equipment, over their expected useful lives. Depreciation is calculated at the rates stated in note 6.1. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. The effect of any revision are charged to statement of income and expenditure account for the year, when the changes arise. Depreciation on additions to property and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed-off.

An item of operating fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised in statement of income and expenditure for the year.

Impairment

The Company assesses at each statement of financial position date whether there is any indication that operating foxed asset and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income and expenditure. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

When impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognised as income.

5.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and if the cost of such asset can be measured reliably. Cost of the intangible asset includes its purchase cost and any directly attributable cost of preparing the asset for its intended use.

Expenditure incurred to acquire computer software is capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss. These are amortized using the straight line method over their estimated useful life.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by the management.After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using straight line method at the rate given in Note 7.1. Full month amortization is charged in month of acquisition and no amortization is charged in month of disposal.

Subsequently the expenditure is capitalized when it increases the future economic benefits embodied in the specific assets to which it relates.

The residual value, useful life and amortization method is reviewed and adjusted, if significant, at each reporting date.

The Company assesses at each statement of financial position date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in statement of income and expenditure. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

5.4 Non-derivative financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in statement of income and expenditure for the year.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including an interest / markup or dividend income, are recognised in statement of income and expenditure.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using effective interest method. The amortized cost is reduced by impairment losses, if any. Interest / markup income, foreign exchange gains, losses and impairment are recognised in statement of income and expenditure.
Debt investment at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of income and expenditure. Other net gains and losses are recognised in statement of comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to statement of income and expenditure.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised in statement of income and expenditure unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to statement of income and expenditure. On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to accumulated surplus.

5.4.2 Non-derivative financial liabilities - Classification and measurement

Financial liabilities are classified and measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of income and expenditure. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of income and expenditure. Any gain or loss on derecognition is recognised in statement of income and expenditure.

5.4.3 Impairment

The Company assesses on a forward-looking basis the Expected Credit Losses ('ECL') associated with its debt instrument assets carried at amortized cost and FVTOCI. The Company recognizes 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.

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company
- If a Significant Increase in Credit Risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

5.4.4 **Derecognition**

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of income and expenditure.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of income and expenditure.

5.4.5 **Loss allowance for expected credit losses**

The Company recognizes loss allowances for expected credit losses on:

- financial assets measured at amortized cost; and
- debt investments measured at FVOCI.

An impairment loss is recognised if the carrying amount of assets exceeds its estimated recoverable amount. Impairment losses are recognised in statement of income and expenditure. If the amount of impairment loss subsequently decreases then the previously recognized impairment loss is reversed through statement of income and expenditure.

Additional information about how the Company measures allowance for impairment is detailed in note 49.2 of the financial statements.

5.4.6 **Write-off policy**

The Company writes off loan assets that are past due by 180 days from the maturity date. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognised in statement of income and expenditure.

5.4.7 **Off setting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal enforceable right to set off the transaction and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.5 **Derivative financial instruments**

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. These derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of income and expenditure.

The Company designates these derivatives as hedging instruments to hedge the variability in cash flows associated with foreign currency denominated loans.

Hedging

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The Company assesses hedge effectiveness by considering three aspects:

- The economic relationship between the hedged item and the hedged instrument by considering the movement of variation in the hedged item and hedged instrument.
- A change in the credit risk of the hedging instrument or the hedged item as it must not be of such magnitude that it dominates the value changes that result from that economic relationship.
- The hedge ratio used for hedge accounting purposes is in line with risk management objectives of the Company.

The sources of hedge ineffectiveness could be:

- The fair value of the hedging instrument on the hedge relationship designation date, if not zero
- Differences in the timing, or changes to the forecasted amount, of the cashflows of the hedged items and the hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until it is reclassified to statement of income and expenditure in the same period or periods as the hedged expected future cash flows affect statement of income and expenditure.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to statement of income and expenditure.

Cash flow hedges

Cash flow hedge is a hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity and accumulated in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income and expenditure.

Amounts accumulated in equity are reclassified to the statement income and expenditure in the periods when the hedged item affects income and expenditure i.e. when the hedged financial income or expense is recognised or when the forecasted transaction occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to reserves are transferred to the initial carrying amount of the non-financial asset or liability. If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to statement income and expenditure

Hedge effectiveness

Hedge effectiveness is assessed at the start of the hedge relationship and through regular prospective evaluations to ensure an economic relationship exists between the hedging instrument and the hedged item.

For foreign currency loans, the Company establishes hedge relationships where the key terms of the hedging instrument align exactly with those of the hedged item. As a result, the Company typically performs a qualitative assessment of effectiveness. However, if changes occur that affect the terms of the hedged item, causing them to no longer align with the hedging instrument, the Company uses the hypothetical derivative method to reassess effectiveness. In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecasted transaction shifts or if there are changes in the credit risk of either Company or the derivative counterparty.

The Company also enters into cross-currency swaps and forwards that share similar critical terms with the hedged item, such as reference rate, reset dates, payment dates, maturities, and notional amounts. The Company does not hedge all of its loans, so the hedged item is identified as a portion of the outstanding loans up to the notional amount of the swaps. Since the critical terms matched throughout the year, an economic relationship was maintained.

Hedge ineffectiveness for interest rate swaps is evaluated using the same approach as for hedges of foreign currency purchases. Ineffectiveness may arise due to:

- credit or debit value adjustments on the interest rate swaps not reflected in the loan, and
- mismatches in critical terms between the swaps and the loans.

5.6 Investment in associates

Investments in associates are initially recognised at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the statement of income and expenditure.

5.7 Kashf murabaha

In Murabaha transactions, the Company advances funds to the person known as agent. At that time agent purchases the goods on behalf of the Company. Agent takes the possession of goods and offers to purchase the goods from the Company which when accepted is binding on both parties. The customer agrees to pay to the Company, the cost of goods plus profit agreed by the participants on credit terms.

The criteria mentioned in note 5.4.5 is followed for recording of expected credit losses.

5.8 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits held with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

5.9 Borrowings from financial institutions and others

Loans and borrowings are initially recorded at the proceeds received. Transaction costs directly attributable to obtaining the loans and borrowings are deducted in determining the proceeds received on initial recognition. In subsequent periods, borrowings are stated at amortized cost using effective yield method. Finance charges are accounted for on an accrual basis and are presented separately on statement of financial position to the extent of the amount remaining unpaid. Arrangement fees and other transaction costs are also amortized over the term of loan using effective yield method.

Covenants that the Company is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Company is required to comply with after the reporting period do not affect the classification at the reporting date.

5.10 Foreign currency translations

All monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the exchange rate prevailing at the financial position date. Transactions in foreign currencies are translated into Rupees at the spot rates. All non-monetary items are translated into Pak Rupee at exchange rates prevailing on the dates of transactions or on dates when fair values are determined. Exchange differences are included in statement of income and expenditure, if any.

The Company hedges its foreign currency loans and designates a hedging relationship between a hedging instrument and a hedged item. For hedging relationships that meet the qualifying criteria in IFRS 9, the Company accounts for the gain or loss on the hedging instrument and the hedged item in accordance with the special hedge accounting provisions of IFRS 9.

5.11 Leases

Lessee accounting

5.11.1 Lease liabilities

The Company operates its branches under lease agreements. These leases provide the Company with the right to use the properties for its operations over the lease terms, typically subject to periodic rental payments. The terms and conditions of these leases vary by location, but they are primarily long-term arrangements.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be easily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. This applies specifically to the leases for the branches the Company operates, which are owned under lease agreements.

The Company determines its incremental borrowing rate by considering Pakistan revaluation rates (PKRV rates) prevailing at lease inception date as base rates and adjust them reflecting lease term and risk involved by comparing them with KIBOR rates prevailing as at that date and the average spread that is being charged to the Company on its long term loans having the same tenure.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of income and expenditure if the carrying amount of the right-of-use asset has been reduced to zero.

5.11.2 Right-of-use asset

The Company recognizes right-of-use asset at lease commencement date. The right-of-use asset is initially measured at cost which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of lease liability. The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of useful life of the right-of-use asset or the end of lease term. The estimated useful lives of right-of-use asset are determined on the same basis as those of the property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability. Right-of-use assets are disclosed in the property and equipment as referred in note 6.1 to these financial statements.

5.11.3 **Ijarah contracts**

The Company has entered in to Ijarah contracts under which it obtains usufruct of an asset for an agreed period for an agreed consideration. The Ijarah contracts are undertaken in compliance with the Shariah essentials for such contracts prescribed by the State Bank of Pakistan - IFAS 2. Company accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, Company as a Mustaj'ir (lessee) in the Ijarah contract recognises the Ujrah (lease) payments as an expense in statement of income and expenditure on straight line basis over the Ijarah term.

The Company has not transfer substantially all the risks and rewards incidental to ownership of the asset thus classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income and expenditure due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

5.12 **Trade and other payables**

Trade and other payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

Funds

5.13 **Donated Funds**

Donated funds represent grants utilized for micro lending operations, and recognized only when all the specified conditions are complied by the Company.

5.14 **Loan loss reserve**

Loan loss reserve has been created at the rate of 5% of outstanding loan portfolio of the Company. This reserve is used for the write-off of loans given under Pakistan Micro Finance Investment Company (PMIC) Term Finance Agreements and is replenished by the Company from general reserve.

5.15 **Special reserve**

The Company is required under the requirements of Non-Banking Finance Companies and Notified Entities Regulations, to maintain a special reserve to which an appropriation equal to 5% of the after tax surplus is made.

5.16 **Hedging reserve**

The hedging reserve reflects the effective portion of the cumulative net changes in the fair value of hedging instruments used for cash flow hedges, to be subsequently recognized in the statement of income and expenditure when the hedged cash flows or items impact the statement.

5.17 **Employee retirement benefits - defined contribution plan**

The Company operates an approved defined contribution provident fund for all permanent employees. Equal monthly contributions are made by the Company and the employees to the fund at the rate of 10% of basic salary per month.

5.18 **Provisions**

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

5.19 **Contingent liabilities**

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

5.20 **Revenue recognition and other income**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company, the amount of revenue and the associated cost incurred or to be incurred can be measured reliably and performance obligations are satisfied by transferring control of a good or service to a customer, either at a point in time or over time, of an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is recognised in accordance with the aforementioned principle by applying the following steps:

- Identify the contract with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price of the contract.
- Allocate the transaction price to each of the separate performance obligations in the contract.
- Recognize the revenue when (or as) the Company satisfies a performance obligation.

(a) **Mark-up and other charges on micro-credit loan portfolio and profit on Kashf Murabaha**

Revenue from service charges on micro-credit loan portfolio is accounted for on accrual basis and collected with loan installments. Service charges on micro-credit loans are recognised using effective yield method at prevailing mark-up rates for loan products.

Profit on Murabaha is recognised on an accrual basis. Profit on Murabaha transactions for the period is accounted for on the culmination of Murabaha transactions.

(b) **Commission income**

The Company acts as an insurance agent, offering insurance products to its clients alongside its primary products. For each insurance policy sold, the Company earns commission income from the respective insurance provider. Commission income is recognized when the Company's performance obligations, related to arranging the insurance policies, are satisfied, typically upon the issuance of the insurance policy to the client.

(c) **Grant Income**

Funds provided by donors to subsidise operating and administrative expenses are recognised as grant income as per terms of agreements with donors. Funds utilised for acquiring fixed assets are taken to deferred grant and amortized over the useful life of the assets. Grants related to capacity building are taken to deferred grant and amortized as actual expenses incurred on account of capacity building.

Grants where no conditions are associated by the donor with its utilization are recognised as income in the period in which it is received.

(d) **Return on investments and bank deposits**

Return on investments and bank deposits is recognised on accrual basis.

(e) **Other income**

Gains / (losses) arising on revaluation of securities classified as fair value through profit or loss and short term investment are included in the statement of income and expenditure in the period in which they arise.

Dividend is recognised as income when right to receive dividend is established.

Rent income from operating lease is recognized on straight line basis over the period of rent agreement.

Income against drama production arrangements recognized as income when right to receive is established.

5.21 Expenditure

Expenses associated with the Company's field operations are classified as program costs. All expenditures related to the head office are allocated to administrative expenses. Additionally, any costs specifically tied to grants are categorized as grant expenses to ensure proper tracking and allocation of resources.

5.22 Taxation

Current

The current tax charge is determined based on applicable tax rates or those expected to apply to the year's profit, in accordance with prevailing tax laws, while considering any tax credits, rebates, or exemptions. Management regularly reviews positions taken in tax returns, particularly where tax regulations may be open to interpretation, to assess the likelihood of acceptance by tax authorities. The current tax charge also includes any necessary adjustments to prior years' tax provisions based on assessments made during the year. Tax balances are measured using the most likely amount or expected value, depending on which method better predicts the resolution of any uncertainty. Current tax assets and liabilities are offset if the Company has a legal right to do so and intends to settle them on a net basis or simultaneously.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments / changes in laws and changes in estimates made during the current year.

Deferred

Deferred income tax is fully recognized using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. It is not recognized if these differences arise from the initial recognition of an asset or liability in a transaction, other than a business combination, that does not affect accounting or taxable profit at the time. Deferred income tax is calculated based on tax rates and laws that are enacted or substantively enacted by the end of the reporting period, and that are expected to be in effect when the deferred tax asset is realized or the liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available to utilize deductible temporary differences, unused tax losses, and tax credits. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities, and when the deferred tax amounts relate to the same tax authority.

5.23 Current and Deferred Tax Considerations for Minimum and Final Tax Scenarios

Minimum taxes and the final taxes that are not calculated on the 'taxable profit' as defined in IAS 12 but calculated on turnover or other basis and the tax deducted at source other than from dividends from subsidiaries, joint ventures and associates under final tax regime or any minimum taxes which are not adjustable against future income tax liability, are classified as levy in the profit or loss as they fall under the scope of IFRIC 21 "Levies" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

6.2 Details of disposals of operating fixed assets

Particulars of assets	Particulars of buyer	Cost	Accumulated depreciation	Net book value	Proceeds	Gain / (loss)	Relationship with the Company	Mode of disposal
				Rupees				
Owned assets								
Vehicles								
Suzuki Swift DLX	Yasir Shah	824,990	824,990	-	1,930,000	1,930,000	Third Party	Auction
Suzuki Mehran	Amna Chaudhry	869,955	869,955	-	1,205,000	1,205,000	Third Party	Auction
Suzuki Wagon R	Ashraf Ali	1,089,490	1,089,490	-	1,736,786	1,736,786	Third Party	Auction
Suzuki Mehran	Muhammad Asif	849,650	849,650	-	1,000,000	1,000,000	Third Party	Auction
Suzuki Mehran	Ishtiaq	869,955	869,955	-	990,000	990,000	Third Party	Auction
Suzuki Mehran	Robina Kousar	869,955	869,955	-	1,116,000	1,116,000	Employee	As per policy
Suzuki Mehran	Hamza Haroon	869,955	869,955	-	1,167,000	1,167,000	Employee	As per policy
Suzuki Mehran	Ayesha	869,955	869,955	-	1,100,000	1,100,000	Employee	As per policy
Suzuki Mehran	Rai Moazzam	869,955	869,955	-	1,261,786	1,261,786	Employee	As per policy
Suzuki Mehran	Rafaqat Ali Awan	869,955	869,955	-	1,203,000	1,203,000	Employee	As per policy
Computer equipments	Various buyers	13,903,920	13,691,333	212,587	879,485	666,898	Third Party	Auction
Furniture and fixtures	Various buyers	767,125	680,301	86,824	137,982	51,158	Third Party	Auction
Office equipments	Various buyers	1,111,878	1,051,827	60,051	136,292	76,241	Third Party	Auction
		24,636,738	24,277,276	359,462	13,863,331	13,503,869		
Assets subject to insurance claim		7,878,566	7,392,945	485,621	-	(485,621)		
Assets written off		4,674,888	4,352,354	322,534	-	(322,534)		
Donated		11,883	11,883	-	-	-		
	2025	37,202,075	36,034,458	1,167,617	13,863,331	12,695,714		
	2024	37,688,815	36,612,651	1,076,164	21,860,931	20,784,767		

6 Property and equipment

6.1 Operating fixed assets

	Owned assets						Right-of-use assets	
	Freehold land	Building on freehold land	Furniture and fixtures	Office equipments	Computer equipments	Vehicles	Rented premises	Total
	Rupees							
Net carrying value basis								
Year ended June 30, 2025								
Opening Net Book Value (NBV)	1,299,500,000	124,723,558	42,947,943	44,747,886	121,119,842	102,991,898	168,877,760	1,904,908,887
Additions (at cost)	-	-	51,881,072	31,857,529	116,342,981	90,741,586	170,049,228	460,872,396
Disposals (at NBV)	-	-	(89,619)	(60,051)	(1,017,947)	-	(28,745,357)	(29,912,974)
Depreciation charge for the year	-	(9,867,512)	(12,526,016)	(16,553,109)	(82,828,945)	(41,234,262)	(108,695,361)	(271,705,205)
Closing Net Book Value	1,299,500,000	114,856,046	82,213,380	59,992,255	153,615,931	152,499,222	201,486,270	2,064,163,104
Gross carrying value basis								
As at June 30, 2025								
Fair value / Cost	1,299,500,000	197,350,236	154,456,309	163,725,524	502,817,904	266,558,483	590,846,761	3,175,255,217
Accumulated depreciation	-	(82,494,190)	(72,242,929)	(103,733,269)	(349,201,973)	(114,059,261)	(389,360,491)	(1,111,092,113)
Net Book Value	1,299,500,000	114,856,046	82,213,380	59,992,255	153,615,931	152,499,222	201,486,270	2,064,163,104
Depreciation rate (%) per annum	-	5%	10%	10% - 20%	33.33%	20%	Lease term	
Net carrying value basis								
Year ended June 30, 2024								
Opening net book value (NBV)	1,299,500,000	134,591,070	47,566,906	50,468,869	126,256,352	134,455,923	96,778,954	1,889,628,074
Additions (at cost)	-	-	4,543,105	9,009,719	60,874,580	3,193,861	178,030,829	255,652,094
Disposals (at NBV)	-	-	(52,979)	(295,983)	(727,202)	-	(16,870,962)	(17,947,126)
Depreciation charge for the year	-	(9,867,512)	(9,109,089)	(14,434,719)	(65,293,888)	(34,657,886)	(89,061,061)	(222,424,155)
Closing Net Book Value	1,299,500,000	124,723,558	42,947,943	44,747,886	121,119,842	102,991,898	168,877,760	1,904,908,887
Gross carrying value basis								
As at June 30, 2024								
Fair value / Cost	1,299,500,000	197,350,236	103,367,047	132,860,916	412,376,637	184,555,058	439,202,327	2,769,212,221
Accumulated depreciation	-	(72,626,678)	(60,419,104)	(88,113,030)	(291,256,795)	(81,563,160)	(270,324,567)	(864,303,334)
Net Book Value	1,299,500,000	124,723,558	42,947,943	44,747,886	121,119,842	102,991,898	168,877,760	1,904,908,887
Depreciation rate (%) per annum	-	5%	10%	10% - 20%	33.33%	20%	Lease term	

	Note	2025	2024
		Rupees	

6.3 Allocation of depreciation

Programme cost	37	212,559,846	160,461,611
Grant expenses	38	12,674,175	13,871,432
Management and administrative expenses	40	46,471,184	48,091,112
		271,705,205	222,424,155

6.4 Cost of operating fixed assets include cost of fully depreciated assets that are still in use amounting to Rs. 251.22 million (2024: Rs. 234.05 million). The breakup of such fully depreciated assets is as follows:

	2025	2024
	Rupees	
Furniture and fixtures	13,498,614	12,413,330
Office equipments	20,789,302	18,312,320
Computer equipments	207,315,654	192,099,462
Vehicles	9,398,697	11,229,177
	251,002,267	234,054,289

6.5 Particulars of immovable fixed asset

Description	Location	Area of Land
Head Office	1-A, 1-B and 1-C, Shahrah Nazaria-e-Pakistan, Opposite Expo Centre, Mouza Niaz Baig, Lahore.	7.92 kanal
Regional Office	19 Aibak Block, New Garden Town, Lahore.	2.006 kanal

6.6 The Company has elected to measure freehold land under the revaluation model. The fair value of the Company's freehold land is determined on triennial basis by an independent professionally qualified valuer. The revaluation was carried out by M/s Tristar International Consultants (Private) Limited, an accredited independent valuer, on the basis of assessment of fair market values.Last revaluation was carried out on June 30, 2023 resulted in revaluation surplus of Rs. 435.74 million.

The carrying values of the land would have been Rs. 601.5 million (2024: Rs. 601.5 million) under the cost model.

6.7 The forced sale value of the revalued land had been assessed at Rs. 1,104.57 million at the time of revaluation.

6.8 An amount of Rs. 3.34 million (2024: Rs. 3.49 million) was received by the Company from an insurance company as compensation for the assets damaged during last year. This amount has been recognized as other income in the statement of income and expenditure.

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7 Intangible assets

	Note	2025 Rupees	2024 Rupees
Software and licenses	7.1	23,205,171	30,116,062
Capital work in progress	7.2	-	1,509,300
		23,205,171	31,625,362

7.1 Software and licenses

2025

	Cost			Accumulated amortization			Net book value as at June 30, 2025	Rate
	As at July 1, 2024	Additions	As at June 30, 2025	As at July 1, 2024	Amortization for the year	As at June 30, 2025		%
	Rupees							
Software	55,301,685	3,814,172	59,115,857	28,937,046	9,785,482	38,722,528	20,393,329	16.9 to 30.77
Licenses	9,538,795	-	9,538,795	5,787,372	939,581	6,726,953	2,811,842	16.9 to 20
	64,840,480	3,814,172	68,654,652	34,724,418	10,725,063	45,449,481	23,205,171	

2024

	Cost			Accumulated amortization			Net book value as at June 30, 2024	Rate
	As at July 1, 2023	Additions	As at June 30, 2024	As at July 1, 2023	Amortization for the year	As at June 30, 2024		%
	Rupees							
Software	52,488,455	2,813,230	55,301,685	19,664,336	9,272,710	28,937,046	26,364,639	16.9 to 30.77
Licenses	9,538,795	-	9,538,795	4,847,791	939,581	5,787,372	3,751,423	16.9 to 20
	62,027,250	2,813,230	64,840,480	24,512,127	10,212,291	34,724,418	30,116,062	

7.1.1 Allocation of amortization

	Note	2025 Rupees	2024 Rupees
Grant expenses	38	3,109,443	3,109,444
Management and administrative expenses	40	7,615,620	7,102,847
		10,725,063	10,212,291

7.1.2 Cost of intangible assets include cost of fully amortized intangible assets that are still in use amounting to Rs. 10.10 million (2024: Rs. 10.10 million).

7.2 Capital work in progress

	Note	2025 Rupees	2024 Rupees
Software			
Balance as at July 1		1,509,300	1,102,500
Additions during the year		2,304,871	406,800
Transfers to software	7.1	(3,814,171)	-
Balance as at June 30		-	1,509,300

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8	Long term investments	Note	2025	2024
			Rupees	
	Equity Investment in associate	8.1	-	-
	Debt Investments at Amortized Cost			
	Investment in Pakistan Investment Bonds	8.2	775,185,038	507,620,068
	Investment in Term Deposit Certificate	8.3	86,118,786	-
			861,303,824	507,620,068

8.1 Investment in associate - Kashf Holding (Private) Limited - under equity method

	2025	2024
	Rupees	
900,000 (2024: 900,000) fully paid shares of Rs. 10 / - each at cost, equity held 30.2% (2024: 30.2%)		
Value of investment based on net assets as shown in the audited financial statements as at December 31, 2024 (2023: audited)	63,000,000	63,000,000
Accumulated share of loss of associate - based on audited financial statements	(63,000,000)	(63,000,000)
	-	-

8.1.1 Summary of financial information of the associate is as follows:

	December 31, 2024	December 31, 2023
	Rupees	
	Audited	
Total assets	3,076,837	3,171,052
Total liabilities	693,445,453	631,961,178
Total equity	(690,368,616)	(628,790,126)
Loss for the year	(61,578,490)	(56,267,942)

The principal activity of the Kashf Holding (Private) Limited (KHL) is making investment in its associated undertaking. The registered office of the Company is situated at 1-C, Shahrah Nazaria-e-Pakistan, Lahore.

During the year Kashf Foundation filed a petition through CR No. 73206/2024 dated November 21, 2024 before the Honourable Lahore High Court for the liquidation of KHL on the grounds that the company was unable to pay its debts.

Pursuant to this petition, the Honourable High Court issued a winding-up order on March 19, 2025, and a liquidator has been appointed to conduct the winding-up proceedings.

As a result, KHL is currently under liquidation, The Company has already fully impaired its investment in KHL.The ultimate recoverability, if any, will depend upon the outcome of the liquidation process being carried out by the appointed liquidator.

8.2 Investment in Pakistan Investment Bonds

Particulars	Note	Effective rate of interest	2025 Principal amount	2025 Accrued interest	2025 Amortized cost	2024 Principal amount	2024 Accrued interest	2024 Amortized cost	Maturity date
		% per annum		Rupees			Rupees		
Pakistan Investment Bond (floater)	8.2.1	21.59%	-	-	-	488,734,000	18,886,068	507,620,068	February 9, 2026
Pakistan Investment Bond (floater)	8.2.1	11.89%	203,670,697	11,918,887	215,589,584	-	-	-	January 9, 2030
Pakistan Investment Bond (floater)	8.2.1	11.89%	529,122,215	30,473,239	559,595,454	-	-	-	January 9, 2030
			732,792,912	42,392,126	775,185,038	488,734,000	18,886,068	507,620,068	

8.2.1 These instruments carry markup rate of 11.89% (2024: 17.46% to 21.59%) per annum with maturity of five years (2024: one year).

8.3 Investment in Term Deposit Certificate

Particulars	Note	Effective rate of interest	2025 Principal amount	2025 Accrued interest	2025 Amortized cost	2024 Principal amount	2024 Accrued interest	2024 Amortized cost	Maturity date
		% per annum		Rupees			Rupees		
Pak Libya Certificate of Investment	8.3.1	10.16%	85,500,000	618,786	86,118,786	-	-	-	October 6, 2028
			85,500,000	618,786	86,118,786	-	-	-	

8.3.1 These instruments carry markup rate of 6 month Kibor less 1% with maturity of three years.

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	Note	2025	2024
		Rupees	
9 Long term loans			
Related party - unsecured			
Loan to Kashf Holding (Private) Limited	9.1	220,239,935	220,239,935
Less: Accumulated impairment		(220,239,935)	(220,239,935)
		-	-
Loan to employees - secured	9.2	39,043,004	17,100,880
		39,043,004	17,100,880

9.1 This represents a loan given under an agreement to Kashf Holding (Private) Limited (KHL), an associated undertaking. The loan along with mark-up was receivable in 20 equal quarterly installments starting from September 2013. In 2013, the Company had rescheduled this loan. The loan along with mark-up was receivable in two installments due on December 31, 2015 and December 31, 2019 amounting to Rs. 160.52 million and Rs. 301.98 million respectively. In 2015, the Company carried out second rescheduling of this loan through a resolution in Board of Directors' meeting dated June 20, 2015. The loan along with mark-up was receivable in two installments due on December 31, 2018 and December 31, 2020 amounting to Rs. 130 million and Rs. 378.72 million respectively. The Board of Directors of the Company decided in the board meeting held on January 20, 2018 to fully impair the loan as no recovery had been received from past 5 years.

The Company has rescheduled this loan through a third addendum dated July 1, 2019. The loan is payable in 11 annual installments starting from year 2020. The rescheduled loan carries mark-up at the rate of 1 year KIBOR plus 2% per annum. Total repayments amounting to Rs. 41 million have been received from KHL so far with latest installment amounting to Rs. 18 million received in during the year ended 2021.

During the year Kashf Foundation filed a petition through Honourable High Court for the liquidation of KHL on the grounds that the company was unable to pay its debts. Pursuant to this petition, the Honourable High Court issued a winding-up order on 19 March 2025, and a liquidator has been appointed to conduct the winding-up proceedings.

9.1.1 The maximum aggregate gross amount outstanding at any time during the year is Rs. 220,239,935.

9.2 These are interest free loans secured against the Provident Fund of employees. Impact of discounting of these interest free loans is considered immaterial.

	Note	2025	2024
		Rupees	
10 Long term micro-credit loan portfolio - unsecured			
Kashf Karobar Karza	10.1	180,081,997	135,534,840
Kashf School Sarmaya	10.2	45,666,135	40,049,071
Kashf Muwaishi Karza	10.3	28,275,538	17,571,287
Home Improvement Loan	10.4	121,450,572	31,434,411
Kashf Topup Karza	10.5	11,236,959	12,566,168
Kashf Nujawan Sarmaya	10.6	8,828,316	-
		395,539,517	237,155,777
Due within one year:			
Kashf Karobar Karza		(128,715,481)	(98,531,653)
Kashf School Sarmaya		(30,349,568)	(27,651,863)
Kashf Muwaishi Karza		(20,093,424)	(12,907,877)
Home Improvement Loan		(79,500,878)	(20,709,284)
Kashf Topup Karza		(9,079,023)	(10,107,355)
Kashf Nujawan Sarmaya		(6,213,516)	-
		(273,951,890)	(169,908,032)
Less: Loss allowance for expected credit losses on long term micro-credit loans	13.11	(483,990)	(392,561)
		121,103,637	66,855,184

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10.1 Kashf Karobar Karza represents micro-credit loans for productive / income generating activities, with loan amount ranging from Rs. 45,000 to Rs.300,000 (2024: Rs. 45,000 to Rs. 300,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of eighteen months in equal monthly installments (2024: eighteen months to twenty four months in equal monthly installments). The effective yield on these loans is 38.73% (2024: 44.16%) per annum.

10.2 Kashf School Sarmaya represents micro-credit loans for educational activities, with loan amount ranging from Rs. 100,000 to Rs. 500,000 (2024: Rs. 100,000 to Rs. 500,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of eighteen months to twenty four months in equal monthly installments (2024: eighteen months to twenty four months in equal monthly installments). The effective yield on these loans is 39.34% to 39.56% (2024: 44.92% to 45.21%) per annum.

10.3 Kashf Muwaishi Karza represents micro-credit loans provided to such clients who want to run their dairy business at small scale with loan amount ranging from Rs. 100,000 to Rs. 350,000 (2024: Rs. 100,000 to Rs. 350,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of eighteen months in equal monthly installments (2024: eighteen months to twenty-four months in equal monthly installments). The effective yield on these loans is 38.73% (2024: 44.16%) per annum.

10.4 Home Improvement loan represents micro-credit loans offered to the clients for small construction and repair purposes. This product has been specifically designed for the clients who have previously completed at least three productive loans. The loan amount ranges from Rs. 70,000 to Rs. 300,000 (2024: Rs. 70,000 to Rs. 300,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of eighteen months to thirty six months (2024: eighteen months to thirty six months).The effective yield on this loan is 38.73% (2024: 44.16%) per annum.

10.5 Kashf Top-up Karza represents micro-credit loans provided to clients on top of their existing productive loan. The loan aims to meet the credit requirement of entrepreneurs who need additional investment to add inventory / stock or capital into their business. The effective yield on this loan is 38.73% (2024: 44.16%) per annum.

10.6 Kashf Naujawan Sarmaya was launched during the year. The programme is designed to support the children of existing Kashf clients in underserved communities by encouraging entrepreneurship and economic growth. Under this programme, loans are offered between Rs. 75,000 and Rs. 300,000.The outstanding balance is repayable along with service charges and insurance product premium over a period of eighteen months in equal monthly installments.The effective yield on this loan is 38.73% per annum.

10.7 Impact of discounting of long term micro-credit loan is considered immaterial.

	Note	2025	2024
		Rupees	
11 Long term Kashf murabaha portfolio			
Kashf Murabaha	11.1	16,390,564	12,283,718
Kashf Muwaishi Murabaha	11.2	971,933	2,044,575
		17,362,497	14,328,293
Due within one year:			
Kashf Murabaha receivable		(12,743,970)	(9,683,929)
Kashf Muwaishi Murabaha		(711,329)	(1,671,730)
	14	(13,455,299)	(11,355,659)
Unearned murabaha income	17	(987,020)	(743,287)
Less: Loss allowance for expected credit losses on long term Kashf murabaha portfolio		(10,901)	(11,971)
		2,909,277	2,217,376

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11.1 Kashf Murabaha was introduced in 2014 to provide financing facility under Islamic (Shariah) principles. It represents the outstanding balance of cost of goods sold under murabaha agreement. The facility ranges from Rs. 45,000 to Rs. 300,000 (2024: Rs. 45,000 to Rs. 300,000). The outstanding balance, along with profit on Kashf murabaha and Kashf sehat takaful, is repayable over a period ranging from eighteen months (2024: eighteen months to thirty six months). Profit is allocated at the rate of 33.41% (2024: 38.51%) as per terms of murabaha agreement.

11.2 Kashf Muwaishi Murabaha facility ranges from Rs. 100,000 to Rs. 350,000 (2024: Rs. 100,000 to Rs. 350,000). The outstanding balance, along with profit on Kashf murabaha and Kashf sehat takaful, is repayable over a period ranging from twelve months to eighteen months (2024: twelve months to eighteen months). Profit is allocated at the rate of 33.41% (2024: 38.51%) as per terms of murabaha agreement.

11.3 Impact of discounting of long term murahaba is considered immaterial.

	2025	2024
12 Long term deposits	Rupees	
Security deposit:		
- against repayment guarantee from United Bank Limited	144,100,000	144,100,000
- against Central Depository Company	100,000	100,000
- against electricity connection	463,360	463,360
- against NADRA Verisys	5,000,000	5,000,000
- against lease assets security	1,990,740	2,488,340
	151,654,100	152,151,700

12.1 These securities are refundable upon the completion of the program. These have not been carried at amortized cost as the effect of discounting is not considered material.

	Note	2025	2024
13 Micro-credit loan portfolio - unsecured		Rupees	
Kashf Karobar Karza	13.1	27,232,151,473	21,702,164,047
Kashf School Sarmaya	13.2	289,024,796	198,142,718
Kashf Muwaishi Karza	13.3	2,817,586,162	2,233,064,090
Home Improvement Loan	13.4	609,351,489	109,910,147
Kashf Top Up Karza	13.5	436,429,939	459,780,503
Kashf Naujawan Sarmaya	13.6	5,951,804	-
Kashf Bahali Karza	13.7	-	108,690
Kashf Easy Loan	13.8	523,201	137,089,829
Kashf Sahulat Karza	13.9	156,985,292	121,779,763
Kashf Fori Karza	13.10	3,915,758,735	2,802,321,267
		35,463,762,891	27,764,361,054
Accrued service charges	15	633,920,537	518,658,042
Current portion of long term micro-credit loan portfolio	10	273,951,890	169,908,032
		36,371,635,318	28,452,927,128
Less: Accrued service charges disclosed separately	15	(633,920,537)	(518,658,042)
Less: Loss allowance for expected credit losses on micro-credit loan portfolio	13.11	(142,254,183)	(163,067,377)
		35,595,460,598	27,771,201,709

13.1 Kashf Karobar Karza represents micro-credit loans for productive / income generating activities, with loan amount ranging from Rs. 45,000 and to Rs. 200,000 (2024: Rs. 35,000 to Rs. 200,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of twelve months in equal monthly installments (2024: twelve months in equal monthly installments). The effective yield on these loans is 38.73% (2024: 44.16%) per annum.

13.2 Kashf School Sarmaya represents micro-credit loans for educational activities with a loan amount ranging from Rs. 80,000 to Rs. 500,000 (2024: Rs. 80,000 to Rs. 500,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of twelve months in equal monthly installments (2024: twelve months in equal monthly installments). The effective yield on this loan is from 40.06% (2024: 46.20%) per annum.

13.3 Kashf Muwaishi Karza represents micro-credit loans provided to such clients who want to run their dairy business at small scale with a loan amount ranging from Rs. 80,000 to Rs. 300,000 (2024: Rs. 80,000 to Rs. 300,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of twelve months in equal monthly installments (2024: twelve months in equal monthly installments). The effective yield on this loan is 38.73% (2024: 44.16%) per annum.

13.4 Home Improvement loan is offered to clients for small construction and repair purposes. This product has been specifically designed for the clients who have completed at least three productive loans with the Company. The loan amount ranges from Rs. 70,000 to Rs. 300,000 (2024: Rs. 70,000 to Rs. 300,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of twelve months in equal monthly installments (2024: twelve months in equal monthly installments). The effective yield on this loan is 38.73% (2024: 44.16%) per annum.

13.5 Kashf Topup Karza represents micro-credit loans provided to clients on top of their existing productive loan. The loan aims to meet the credit requirement of entrepreneurs who need additional investment to add inventory / stock or capital into their business. The outstanding balance, along with service charges, is repayable over a period of twelve months in equal monthly installments (2024: twelve months in equal monthly installments). The effective yield on this loan is 38.73% (2024: 44.16%) per annum.

13.6 Kashf Naujawan Sarmaya launched during the year. The programme is designed to support the children of existing Kashf clients in underserved communities by encouraging entrepreneurship and economic growth. Under this programme, loans are offered between Rs. 75,000 and Rs. 300,000. The outstanding balance is repayable along with service charges and insurance product premium over a period of twelve months in equal monthly installments.The effective yield on this loan is 38.73% per annum.

13.7 Kashf Bahali Karza represents micro-credit loans to clients whose businesses were impacted by multiple lockdowns due to Covid outbreak. It waş launched in December 2020 with sunset clause till January 2022. The basic purpose of the loan is to provide liquidity to those clients whose businesses were illiquid and injection of liquidity help them to revive their business and livelihood. The loan ranges Nil (2024: Rs. 50,000 to 150,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of twelve months in equal monthly installments (2024: twelve months in equal monthly installments). The effective yield on these loans is Nil (2024: 35.91%) per annum.

13.8 Kashf Easy Loan represents micro-credit loans provided to such clients who want to run their business at small scale or want to fulfil personal financial needs at easy terms with loan amount ranging from Rs. 20,000 to Rs. 25,000 (2024: Rs. 20,000 to Rs. 35,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of twelve months in equal monthly installments (2024: twelve months in equal monthly installments). The effective yield on this loan is 44.16% (2024: 44.16%) per annum.

13.9 Kashf Sahulat Karza represents micro-credit loans provided to such clients who have already obtained Kashf Karobar Karza for their domestic use with loan amount ranging from Rs. 5,000 to Rs. 10,000 (2024: Rs. 5,000 to Rs 7,000). The outstanding balance is repayable along with service charges over a period of six months in equal monthly installments (2024: six months in equal monthly installments). The effective yield on this loan is 38.73% (2024: 44.16%).

13.10 Kashf Fori Karza represents micro-credit loans provided to clients for their domestic use with a loan amount ranging from Rs. 10,000 to Rs. 35,000 (2024: Rs. 10,000 to Rs. 35,000). The outstanding balance is repayable along with service charges and insurance product premium over a period of three months to twelve months in equal monthly installments (2024: three to nine months in equal monthly installments). The effective yield on this loan is 38.73% to 65.17% (2024: 44.16% to 74.86%).

13.11 Movement in loss allowance for expected credit losses

	2025	2024
	Rupees	
Balance as at July 1	163,459,938	162,052,196
Expected credit losses charged for the year	81,835,140	58,325,263
	245,295,078	220,377,459
Written off against loss allowance for expected credit losses	(102,556,905)	(56,917,521)
Balance as at June 30	142,738,173	163,459,938

Break up of provision for expected credit losses among non-current and current portion is as follows:

	2025	2024
	Rupees	
Non-current portion	483,990	392,561
Current portion	142,254,183	163,067,377
	142,738,173	163,459,938

13.12 Number of long term and short term loans

	2025	2024
	Numbers	
Considered good	923,053	781,351
Considered doubtful	7,926	8,021
	930,979	789,372
Loans written off	2,831	2,030

13.13 Aging analysis of micro-credit loan portfolio - long term and short term

The Company's main indicator of loan delinquency is the portfolio-at-risk ratio. Loans are segregated into classes depending on the number of days they are overdue. For each class of loan, the outstanding principal balance of such loan is divided by the principal balance of the gross loan portfolio for loan loss percentage.

Loans are considered at risk if any payment has fallen due and remained unpaid for more than 1 day. The Company does not convert mark-up on late payment into principal.

	2025	2024	2025	2024
	Percentage		Rupees	
Not due yet	99.30	99.11	35,606,748,457	27,750,914,059
1-29 days	0.34	0.35	122,450,254	98,869,672
30-89 days	0.07	0.08	26,040,071	22,613,818
90-179 days	0.07	0.08	25,883,689	22,682,004
More than 180 days	0.22	0.38	78,179,937	106,437,278
	100	100	35,859,302,408	28,001,516,831

13.14 Portfolio by segment

Micro enterprise	Note	2025	2024
		Rupees	
Agriculture and livestock		9,793,408,403	7,960,411,948
Services		14,275,914,049	10,391,089,723
Trading		5,459,712,205	4,529,841,050
Manufacturing		522,498,698	515,346,145
School		334,690,931	238,191,789
Food production and services		1,215,270,121	1,039,668,288
Garments and handicrafts		184,695,742	265,143,188
		31,786,190,149	24,939,692,131
General loan			
Domestic		4,073,112,259	3,061,824,700
		35,859,302,408	28,001,516,831

14 Kashf murabaha portfolio

	Note	2025	2024
Kashf Murabaha		1,701,412,195	1,359,425,267
Kashf Muwaishi murabaha		78,434,986	43,637,823
		1,779,847,181	1,403,063,090
Add: Accrued service charges	15	1,573,380	1,575,681
Add: Current portion of long term Kashf murabaha portfolio	11	13,455,299	11,355,659
		1,794,875,860	1,415,994,430
Less: Unearned murabaha income	17	(347,162,407)	(284,274,538)
Less: Loss allowance for expected credit losses on Kashf murabaha portfolio		(5,398,348)	(6,068,449)
Less: Accrued service charges disclosed separately	15	(1,573,380)	(1,575,681)
		1,440,741,725	1,124,075,762

14.1 Kashf murabaha was introduced in 2014 to provide financing facility under Islamic (Shariah) principles. It represents the outstanding balance of cost of goods sold under Murabaha agreement. The facility ranges from Rs. 45,000 to Rs. 200,000 (2024: Rs. 35,000 to Rs. 200,000). The outstanding balance, along with profit on Kashf murabaha, and Kashf sehat takaful, is repayable over a period of twelve months (2024: twelve months). Profit is allocated at the rate of 22.20% (2024: 25.50%) on terms of Murabaha agreement.

14.2 Kashf muwaishi murabaha was introduced to meet the specific credit requirement of clients engaged in dairy businesses. The facility ranges from Rs. 80,000 to Rs. 300,000 (2024:80,000 to Rs. 300,000). The outstanding balance, along with profit on Kashf murabaha, livestock takaful, and Kashf sehat takaful, is repayable over a period of twelve months (2024: twelve months). Profit is allocated at the rate of 22.20% (2024: 25.50%) on terms of murabaha agreement.

14.3 Movement in loss allowance for expected credit losses

	2025	2024
	Rupees	
Balance as at July 1	6,080,420	4,911,175
Expected credit losses charged during the year	2,548,747	3,587,536
	8,629,167	8,498,711
Written off against loss allowance for expected credit losses	(3,219,918)	(2,418,291)
Balance as at June 30	5,409,249	6,080,420

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Break up of provision for expected credit losses among non-current and current portion is as follows:

	Note	2025	2024
		Rupees	
Non-current portion	11	10,901	11,971
Current portion	14	5,398,348	6,068,449
		5,409,249	6,080,420

14.4 Number of Murabaha

	2025	2024
	Numbers	
Considered good	32,318	28,041
Considered doubtful	400	463
	32,718	28,504
Financing written off	96	95

14.5 Aging analysis of Murabaha portfolio

The Company's main indicator of Murabaha loan delinquency is the portfolio-at-risk ratio. Murabaha are segregated into classes depending on the number of days they are overdue. For each class of Murabaha, the outstanding principal balance of such Murabaha is divided by the principal balance of the gross Murabaha portfolio for Murabaha loss percentage.

Loans are considered at risk if any payment has fallen due and remained unpaid for more than one day. The Company does not convert profit on late payment into principal.

	2025	2024	2025	2024
	Percentage		Rupees	
Not due yet	99.13	98.76	1,436,432,047	1,118,378,221
1-29 days	0.53	0.74	7,665,225	8,477,136
30-89 days	0.07	0.09	1,048,665	1,024,375
90-179 days	0.07	0.07	1,021,999	788,449
More than 180 days	0.20	0.34	2,892,315	3,705,377
	100	100	1,449,060,251	1,132,373,558

14.6 Murabaha portfolio by segment

	Note	2025	2024
		Rupees	
Micro enterprise			
Agriculture and livestock		330,773,630	232,502,975
Services		422,814,131	309,281,129
Trade		619,763,233	492,013,116
Manufacturing		12,810,914	11,050,738
Food production and services		55,364,340	42,390,131
Garments and handicrafts		7,534,003	45,135,469
		1,449,060,251	1,132,373,558

15 Accrued service charges

	Note	2025	2024
Micro-credit loan portfolio	13	633,920,537	518,658,042
Kashf murabaha portfolio	14	1,573,380	1,575,681
Less: Loss allowance for expected credit losses		(2,309,962)	(2,949,475)
		633,183,955	517,284,248

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	Note	2025	2024
		Rupees	
16 Short term investments			
Investments classified as at FVTPL			
Mutual Funds			
Faysal Asset Management Limited		54,241,067	21,489,480
NBP Mutual Fund		281,094,603	1,283,451,013
ABL Mutual Fund		13,818,995	12,160,695
JS Mutual Fund		1,577,740,109	1,340,464,431
NIT Government Bond Fund		588,641,339	523,510,775
Alfalah Mutual Fund		3,699,773	258,292,260
UBL Mutual Fund		11,822,731	1,027,702
	16.1	2,531,058,617	3,440,396,356
Term finance certificates			
JS Bank Limited		54,908,676	50,518,953
The Bank of Punjab		51,202,483	50,524,875
The Bank of Punjab		102,725,054	100,654,026
JS Bank Limited		365,829,200	365,926,800
	16.2	574,665,413	567,624,654
Investments at Amortized Cost			
Term deposit certificates			
- Local currency		2,050,000,000	715,000,000
- Foreign currency		1,915,694,140	1,322,399,042
	16.3	3,965,694,140	2,037,399,042
Pakistan Investment Bonds	16.4	488,734,000	694,082,620
Principal amount		4,454,428,140	2,731,481,662
Amortization - accrued income on short term investments		126,540,643	124,986,262
Total Investments at Amortized cost		4,580,968,783	2,856,467,924
Total Short term Investments		7,686,692,813	6,864,488,934

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16.1 Mutual Funds

	2025			2024		
	Number of Units	NAV	Fair Value of Investment	Number of Units	NAV	Fair Value of Investment
Faysal Islamic Financial Growth Plan-II	541,768	100.12	54,241,066	-	-	-
NBP Income Fund	-	-	-	15,980,904	10.01	159,975,249
NBP Fixed Income Fund	-	-	-	111,985,862	10.03	1,123,475,764
NBP Money Market Fund	28,017,549	10.03	281,094,603	-	-	-
ABL Cash Fund	-	-	-	1,187,695	10.24	12,160,695
ABL Financial Sector Fund Plan-1	1,380,450	10.01	13,818,995	-	-	-
JS Income Fund Plan	-	-	-	5,460,222	102.45	559,418,913
JS Fixed Term Munafa Plan 3	-	-	-	7,790,977	100.25	781,045,518
JS Fixed Term Munafa Plan 11	4,975,999	108.60	540,393,509	-	-	-
JS Fixed Term Munafa Plan 13	4,987,326	104.71	522,222,875	-	-	-
JS Fixed Term Munafa Plan 17	5,110,354	100.80	515,123,725	-	-	-
NIT Government Bond Fund	58,452,627	10.07	588,641,339	52,386,880	9.99	523,510,775
Alfalah Income and Growth Fund	890	116.36	103,586	214,894	100.00	21,489,480
Alfalah Stable Return Plan 9	-	-	-	2,580,159	100.11	258,292,260
Alfalah GHP Money Market Fund	36,319	99.02	3,596,187	-	-	-
UBL Liquidity Plus Fund	11,236	101.49	1,140,328	10,139	101.36	1,027,702
UBL Income Opportunity	96,377	110.84	10,682,404	-	-	-
	103,610,895		2,531,058,617	197,597,732		3,440,396,356

16.2 Term finance certificates

Particulars	Effective rate of interest % per annum	2025 Principal amount	2025 FV Gain / (Loss)	2025 Closing Fair Value of investment	2024 Principal amount	2024 FV Gain / (Loss)	2024 Closing Fair Value of	Maturity date
		Rupees			Rupees			
JS Bank Limited	14.43% - 22.41%	50,000,000	4,908,676	54,908,676	50,000,000	518,953	50,518,953	Perpetual
Bank of Punjab	14.24% - 22.11%	50,000,000	1,202,483	51,202,483	50,000,000	524,874	50,524,875	Perpetual
Bank of Punjab	14.33% - 24.00%	99,920,000	2,805,054	102,725,054	99,960,000	694,027	100,654,026	April 23, 2028
JS Bank Limited	13.25% - 23.34%	399,813,333	(33,984,133)	365,829,200	399,920,000	(33,993,200)	365,926,800	August 30, 2033
		599,733,333	(25,067,920)	574,665,413	599,880,000	(32,255,346)	567,624,654	

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16.2.1 These term finance certificates carry markup ranging from 13.25% to 24% (2024: 21.11% to 23.75%) per annum.

16.3 Term deposit certificates

Particulars	Rate of interest	2025 Principal amount	2025 Accrued interest	2025 Amortized cost	2024 Principal amount	2024 Accrued interest	2024 Amortized cost	Maturity date
	% per annum	Rupees			Rupees			
HBL Bank Limited - Local Currency	21.05%	-	-	-	315,000,000	35,424,555	350,424,555	December 19, 2024
UBL Bank Limited - Local Currency	23.50%	-	-	-	350,000,000	45,926,712	395,926,712	December 8, 2024
UBL Bank Limited - Local Currency	21.50%	-	-	-	-	1,029,710	1,029,710	March 1, 2024
UBL Bank Limited - Local Currency	14.25%	50,000,000	7,498,037	57,498,037	50,000,000	10,388,425	60,388,425	November 15, 2025
UBL Bank Limited - Local	17.00%	500,000,000	58,452,055	558,452,055	-	-	-	October 23, 2025
UBL Bank Limited - Local Currency	16.50%	1,500,000,000	24,616,438	1,524,616,438	-	-	-	October 23, 2025
UBL Bank Limited - Foreign Currency	4.00%	510,776,100	7,175,251	517,951,351	501,014,028	7,097,142	508,111,170	Six monthly roll over
UBL Bank Limited - Foreign Currency	4.00%	163,448,352	2,296,056	165,744,408	160,324,557	2,271,061	162,595,618	Six monthly roll over
UBL Bank Limited - Foreign Currency	4.00%	21,282,338	300,471	21,582,809	20,875,593	297,216	21,172,809	Six monthly roll over
UBL Bank Limited - Foreign Currency	4.00%	652,658,350	5,924,992	658,583,342	640,184,864	5,391,235	645,576,099	Six monthly roll over
UBL Bank Limited - Foreign Currency	4.00%	141,882,250	1,061,715	142,943,965	-	-	-	Six monthly roll over
UBL Bank Limited - Foreign Currency	4.00%	141,882,250	1,061,715	142,943,965	-	-	-	Six monthly roll over
UBL Bank Limited - Foreign Currency	4.00%	283,764,500	2,123,431	285,887,931	-	-	-	Six monthly roll over
		3,965,694,140	110,510,161	4,076,204,301	2,037,399,042	107,826,056	2,145,225,098	

16.3.1 These term deposits carry mark-up ranging from 4% to 23.50% (2024: 4% to 23.50%) per annum. The term deposit certificate of UBL Bank Limited amounting to Rs. 50 million with the maturity of one year has been pledged as security against running financing facility availed from commercial banks.

16.4 Investment in Pakistan Investment Bonds

Particulars	Effective Rate of interest	2025 Principal amount	2025 Accrued interest	2025 Amortized cost	2024 Principal amount	2024 Accrued interest	2024 Amortized cost	Maturity date
	% per annum	Rupees			Rupees			
Pakistan Investment Bond (PIB)	19.99%	-	-	-	494,259,000	12,974,148	507,233,148	February 09, 2025
Pakistan Investment Bond (PIB)	19.99%	-	-	-	17,016,761	438,580	17,455,341	February 09, 2025
Pakistan Investment Bond (PIB)	19.99%	-	-	-	85,276,360	1,265,363	86,541,723	February 09, 2025
Pakistan Investment Bond (PIB)	19.99%	-	-	-	97,530,499	2,482,115	100,012,614	February 09, 2025
Pakistan Investment Bond (PIB)	17.81%	488,734,000	16,030,482	504,764,482	-	-	-	February 09, 2026
		488,734,000	16,030,482	504,764,482	694,082,620	17,160,206	711,242,826	

16.4.1 This represents Pakistan Investment Bonds reclassified to short term investments as they are due for maturity in the next financial year. These Pakistan investment bonds carry mark-up of 17.81% to 19.99% (2024: 19.99%) per annum.

	Note	2025	2024
		Rupees	

17 Advances, deposits, prepayments and other receivables

	Note	2025	2024
Advance to employees against expenses		7,814,347	3,913,384
Advances to agents against Kashf murabaha		3,930,000	3,365,000
Short term deposits		1,185,750	879,250
Prepayments	17.2	56,756,604	31,193,984
Accrued return on bank deposits		57,130,206	109,833,315
Accrued return on investments		7,627,190	12,776,139
Unearned Murabaha income	11 & 14	348,149,427	285,017,825
Advances to suppliers		16,146,196	8,650,038
Provident fund trust receivables		50,418,205	-
Insurance claims receivables		38,754,651	50,333,620
Commission receivable		80,736,626	42,461,248
Other receivables	17.1	106,483,582	159,119,972
		775,132,784	707,543,775

17.1 Other receivable includes:

	2025	2024
Takaful contribution - from customers	17,704,523	10,295,991
Employee field discrepancies	13,149,481	6,481,465
Rebate receivable form the State Bank of Pakistan (SBP)	54,027,765	3,096,012
Insurance premium	-	119,925,384
Receivable from third parties	20,953,813	19,321,120
Policy benefit	648,000	-
	106,483,582	159,119,972

17.2 This includes insurance premium paid for fidelity insurance coverage with sum insured amounting to Rs. 40 million.

	Note	2025	2024
		Rupees	

18 Cash and bank balances

	Note	2025	2024
Cash in hand		8,171,788	6,343,652
Balance at banks:	18.1		
In current accounts - local currency		275,883,612	282,518,810
In saving accounts - local currency	18.2	6,374,545,499	7,551,184,091
In saving accounts - foreign currency:			
USD : $ 4,065,447 (2024: $3,16,400)			
GBP : £ 104 (2024 : £ 104)		1,153,640,665	880,819,533
		7,528,186,164	8,432,003,624
		7,812,241,564	8,720,866,086

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18.1 Cash with banks in local currency saving accounts carry mark-up at rates ranging from 6.5% to 21.75% (2024: 7% to 23.25%) per annum, and cash with banks in foreign currency saving accounts carry mark-up rate of 4% (2024: 4%) per

18.2 Included in balances at banks on saving accounts are Rs. 848.9 million (2024: Rs. 542.5 million) which are under lien to secure repayment guarantees for local currency loans as listed in note 24.1.1.

19 Donated funds

Donated funds represent grants utilized for micro lending operations only when all the specified conditions are complied by the Company.

20 Loan loss reserve

Loan loss reserve has been created at the rate of 5% of outstanding loan portfolio of the Company. This reserve is used for the write-off of loans given under Pakistan Micro Finance Investment Company (PMIC) Term Finance Agreements and is replenished by the Company from accumulated surplus.

21 Special reserve

Section 32 (3) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 requires a non-bank micro finance company to create a special reserve fund wherein at least 5% of its after-tax profits shall be credited and the special reserve fund shall be separately disclosed in the statement of financial position as part of the equity.

22 Hedging reserve

The hedging reserve reflects the effective portion of the cumulative net changes in the fair value of hedging instruments used for cash flow hedges, to be subsequently recognized in the statement of income and expenditure when the hedged cash flows or items impact the statement.

		Note	2025	2024
			Rupees	
23	**Surplus on revaluation of land**			
	Revaluation surplus as at July 1		448,928,205	735,947,877
	Related deferred tax impact		-	(287,019,672)
			448,928,205	448,928,205
24	**Long term financing**			
	Long term loans	24.1	22,409,134,400	15,317,323,321
24.1	**Long term loans**			
	Local currency loans	24.1.1	15,764,599,228	15,633,398,208
	Foreign currency loans	24.1.2	24,498,473,759	17,820,145,470
	Translation loss on foreign currency loans	24.2	357,404,443	601,862,442
			40,620,477,430	34,055,406,120
	Less: Unamortized transaction cost		(120,583,232)	(135,662,280)
			40,499,894,198	33,919,743,840
	Less: Current portion of long term loan		(18,090,759,798)	(18,602,420,519)
			22,409,134,400	15,317,323,321

24.1.1 Local currency loans

Sr. No.	Lender	Type	2025 Rupees	2024 Rupees	Rate of interest per annum	Outstanding installments	Interest payable	Security
Local currency								
1	MCB Bank Limited	Demand Finance-II	-	125,000,000	6 M KIBOR+2%	-	Quarterly	The loan is secured against the first pari-passu charge over all present and future current assets (excluding investment portfolio and assets forming part of Pakistan Poverty Alleviation Fund (PPAF) security) with a margin of 25%.
2	Pak-China Investment Company Limited	Term Finance Facility	-	44,444,448	3 M KIBOR + 2.5%	-	Quarterly	The loan is secured against the first pari-passu charge over all present and future current assets (excluding investment portfolio and assets forming part of Pakistan Poverty Alleviation Fund (PPAF) security) with a margin of 25%.
3	Pakistan Microfinance Investment Company Limited	Standard Term Loan	95,996,100	1,014,761,720	6 M KIBOR + 3.1%	2 installments ending on September 30, 2025	Quarterly	The loan is secured against the first pari-passu hypothecation charge on all present and future current assets.
4	State Bank of Pakistan	Term Finance Facility	374,900,000	374,900,000	6 M KIBOR + 0.5%	Bullet payment on October 07, 2026	Semi annually	The loan is secured against the repayment guarantee from Silk Bank Limited of Rs. 415 million.
5	State Bank of Pakistan	Term Finance Facility	-	617,367,000	6 M KIBOR + 0.5%	-	Semi annually	The loan is secured against the repayment guarantee from Silk Bank Limited of Rs. 190 million and Rs. 500 million from the Bank of Punjab.
6	National Bank of Pakistan	Term Loan	500,000,000	833,333,334	3 M KIBOR + 1.25%	6 installments ending on December 31, 2026	Quarterly	The loan is secured against first pari-passu charge on all present and future current assets (other than the investment portfolio) with 25% margin amounting to Rs. 1,334 million.
7	The Bank of Punjab	Term Finance Facility	-	83,333,337	3 M KIBOR + 1.9%	-	Quarterly	The loan is secured against first pari-passu hypothecation charge on present and future current assets including micro loans and all related receivables of the company with a 25% margin.
8	State Bank of Pakistan	Term Finance Facility	159,683,000	159,683,000	6 M KIBOR + 0.5%	Bullet payment on September 06, 2027	Semi annually	The loan is secured against the repayment guarantee from Silk Bank Limited of Rs. 190 million.
9	Habib Bank Limited	Term Finance Facility	200,000,000	600,000,000	3 M KIBOR + 1.75%	1 installment ending on November 11, 2025	Quarterly	The loan is secured against first pari-passu hypothecation charge on present and future current assets including micro loans and all related receivables of the company with a 25% margin.
	C/F		1,330,579,100	3,852,822,839				

Sr. No.	Lender	Type	2025 Rupees	2024 Rupees	Rate of interest per annum	Outstanding installments	Interest payable	Security
Local currency								
	B/F		1,330,579,100	3,852,822,839				
10	National Bank of Pakistan	Term Finance Facility	1,250,000,000	1,750,000,000	3 M K + 1.25%	10 installments ending on November 28, 2027	Quarterly	The loan is secured against first pari-passu hypothecation charge on present and future current assets including micro loans and all related receivables of the company with a 25% margin.
11	Bank Alfalah Limited	Term Finance Facility	83,333,333	250,000,001	6 M K +1.5%	1 installment ending on December 26, 2025	Semi annually	The loan is secured against first pari-passu hypothecation charge on present and future current assets including micro loans and all related receivables of the company with a 25% margin.
12	The Bank of Punjab	Term Finance Facility	83,333,333	250,000,001	3 M KIBOR + 1.8%	2 installments ending on December 30, 2025	Quarterly	The loan is secured against first pari-passu hypothecation charge on present and future current assets including micro loans and all related receivables of the company with a 25% margin.
13	Pak Libya Holding Company (Private) Limited	Term Finance Facility	150,000,000	300,000,000	3 M K + 1.25%	4 installments ending on April 3, 2026	Quarterly	The loan is secured against first pari-passu hypothecation charge on present and future current assets including micro loans and all related receivables of the company with a 25% margin.
14	JS Bank Limited	Term Finance Facility	1,400,000,000	2,013,333,335	1MK+2%	30 installments ending on December 14, 2027	Monthly	The loan is secured against first pari-passu hypothecation charge on present and future current assets including micro loans and all related receivables of the company with a 25% margin.
15	State Bank of Pakistan	Term Finance Facility	1,050,000,000	1,050,000,000	6 M KIBOR - 1%	Bullet payment on June 23, 2026	Semi annually	The loan is secured against the repayment guarantee from Saudi Pak of Rs. 1,000 million and Rs. 300 million from The Bank of Punjab.
16	Pakistan Microfinance Investment Company Limited	Standard Term Loan	1,648,321,290	2,197,761,720	6 M KIBOR + 2.9%	3 installments ending on June 30, 2026	Quarterly	The loan is secured against the first pari-passu hypothecation charge on all present and future current assets.
17	Habib Bank Limited	Term Finance Facility	333,333,333	666,666,666	3 M KIBOR + 1.75%	2 installments ending on June 27, 2026	Quarterly	The loan is secured against first pari-passu hypothecation charge on present and future current assets including micro loans and all related receivables of the company with a 25% margin.
18	Symbiotics Sicav II	Term Loan	325,367,876	325,367,867	6 M KIBOR + 3%	2 installments ending on June 2, 2026	Semi annually	Unsecured loan.
	C/F		7,654,268,265	12,655,952,429				

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Sr. No.	Lender	Type	2025 Rupees	2024 Rupees	Rate of interest per annum	Outstanding installments	Interest payable	Security
Local currency								
	B/F		7,654,268,265	12,655,952,429				
19	Gender Bond	Term Finance Certificates	1,862,250,000	2,483,000,000	3 M KIBOR + 1.5%	6 installments ending on December 08, 2026	Quarterly	The loan is secured against the repayment guarantee from Infrazamin of Rs. 2,850 million + Lien on Debt Payment Account.
20	Meezan Bank Limited	Bai Muajal Facility	-	99,189,629	1 Y KIBOR + 2%	-	Bullet Repayment	The loan is secured against first pari-passu hypothecation charge on present and future current assets including micro loans and all related receivables of the company with a 25% margin.
21	Meezan Bank Limited	Bai Muajal Facility	197,628,075	395,256,150	1 Y KIBOR + 2%	1 installment ending on July 02, 2025	Semi annually	The loan is secured against first pari-passu hypothecation charge on present and future current assets including micro loans and all related receivables of the company with a 25% margin.
22	Pakistan Microfinance Investment Company Limited	Standard Term Loan	2,455,500,000	-	6 M KIBOR + 2.9%	5 installments ending on June 30, 2027	Quarterly	The loan is secured against the first pari-passu hypothecation charge on all present and future current assets.
23	Meezan Bank Limited	Bai Muajal Facility	299,952,888	-	1 Y KIBOR + 2%	2 installments starting from July 10, 2025	Semi annually	The loan is secured against first pari-passu hypothecation charge on present and future current assets including micro loans and all related receivables of the company with a 25% margin.
24	State Bank of Pakistan	Term Finance Facility	1,788,000,000	-	6 M KIBOR - 1%	Bullet payment on June 30, 2029	Semi annually	The loan is secured against the repayment guarantee from The Bank of Punjab of Rs. 2,000 million
25	State Bank of Pakistan	Term Finance Facility	507,000,000	-	6 M KIBOR + 0.5%	Bullet payment on June 10, 2028	Semi annually	The loan is secured against the repayment guarantee from Pak Libya of Rs. 570 million
26	Habib Bank Limited	Term Finance Facility	1,000,000,000	-	3 M KIBOR + 1.5%	6 installments starting from December 27, 2025	Quarterly	The loan is secured against first pari-passu hypothecation charge on present and future current assets including micro loans and all related receivables of the company with a 25% margin.
	Total local currency loans		15,764,599,228	15,633,398,208				

24.1.1.1 Kashf Foundation has issued its AAA rated, by PACRA, Privately Placed Term Finance Certificate (PPTFC) - Gender Bond ('the Bond'), valued at Rs. 2,483 million with a tenor of three-years. The bond is aimed at supporting women-led micro-infrastructure projects, such as the construction, renovation of schools and homes and working capital for their business. By June 30, 2025, the proceeds have been used to fund gender-centric initiatives i.e., 10,654 loans totaling Rs 1,556.29 million for infrastructure development and 34,822 loans amounting to Rs. 2,592.03 million for working capital management have been disbursed.

24.1.2 Foreign currency loans

Sr. No.	Lender	Type	Cross Currency Swap / Forward Arrangement	Note	2025 Rupees	2024 Rupees	Rate of interest per annum	Outstanding installments	Interest payable	Security
27	Oesterreichische Entwicklungs Bank AG (OeEB)	Term Loan	Converted by Standard Chartered Bank Limited	24.1.2.1	-	194,525,000	Daily Compound SOFR + 4.43%	-	Semi annually	Unsecured loan.
28	Symbiotics Sicav II	Term Loan	Converted by Standard Chartered Bank Limited	24.1.2.2	-	489,910,719	6 M SOFR + 4.58%	-	Semi annually	Unsecured loan.
		Term Loan	-	-	-	2,783	6 M SOFR + 4.58%	-	Semi annually	Unsecured loan.
29	Societe' De Promotion Et De Participation Pour LA Cooperation Economique S.A (Proparco)	Term Loan	Converted by Standard Chartered Bank Limited	24.1.2.3	-	296,916,667	6 M SOFR + 4.58%	-	Semi annually	Unsecured loan.
		Term Loan	Converted by Standard Chartered Bank Limited	24.1.2.3	-	309,583,333	6 M SOFR + 4.58%	-	Semi annually	Unsecured loan.
30	Belgian Investment Company for Developing Countries NV/SA - BIO	Term Loan	Converted by MCB Bank Limited	24.1.2.4	-	1,402,292,000	4.13%	-	Semi annually	Unsecured loan.
31	Incofin CVSO CVBA (Incofin CVSO)	Term Loan	Converted by MCB Bank Limited	24.1.2.5	-	176,656,250	6 M SOFR + 3.9%	-	Semi annually	Unsecured loan.
32	Incofin Microfinance Enhancement Facility SA, SICAV-SIF (Incofin MEF)	Term Loan	Converted by MCB Bank Limited	24.1.2.5	-	1,059,937,500	6 M SOFR + 3.9%	-	Semi annually	Unsecured loan.
33	Asian Development Bank (Tranche-1)	Term Loan	Converted by Habib Bank Limited	24.1.2.6	371,584,300	1,118,788,102	Daily Compound SOFR + 4.68%	1 installment ending on July 25, 2025	Semi annually	Unsecured loan.
34	Asian Development Bank (Tranche-2)	Term Loan	Converted by Habib Bank Limited	24.1.2.6	181,155,000	545,415,000	Daily Compound SOFR + 4.178%	1 installment ending on July 25, 2025	Semi annually	Unsecured loan.
		Term Loan	-	-	15,746	11,583	Daily Compound SOFR + 4.68%	1 installment ending on July 25, 2025	Semi annually	Unsecured loan.
35	Blueorchard Microfinance Fund	Term Loan	Converted by MCB Bank Limited	24.1.2.7	1,041,375,000	1,438,744,245	6 M SOFR + 4.35%	3 installments ending on September 26, 2026	Semi annually	Unsecured loan.
		Term Loan	-	-	-	5,567	6 M SOFR + 4.35%	-	Semi annually	Unsecured loan.
36	Japan Asean Women Empowerment Fund	Term Loan	Converted by MCB Bank Limited	24.1.2.8	1,041,562,500	1,408,240,987	6 M SOFR + 4.35%	3 installments ending on October 06, 2026	Semi annually	Unsecured loan.
		Term Loan	-	-	-	8,907	6 M SOFR + 4.35%	-	Semi annually	Unsecured loan.
37	EMF Microfinance Fund AGMVK	Term Loan	Converted by MCB Bank Limited	24.1.2.9	283,356,000	843,750,000	6 M SOFR + 4%	1 installment ending on October 27, 2025	Semi annually	Unsecured loan.
		Term Loan	Converted by MCB Bank Limited	24.1.2.9	345,688,183	531,281,759	6 M SOFR + 4%	2 installments ending on January 29, 2026	Semi annually	Unsecured loan.
		Term Loan	-	-	28,526,845	27,981,641	6 M SOFR + 4%	1 installment ending on January 29, 2026	Semi annually	Unsecured loan.
	C/F				3,293,263,574	9,844,052,043				

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Sr. No.	Lender	Type	Cross Currency Swap / Forward Arrangement	Note	2025 Rupees	2024 Rupees	Rate of interest per annum	Outstanding installments	Interest payable	Security
	B/F				3,293,263,574	9,844,052,043				
38	Covid-19 Emerging and Frontier Markets MSME Support Fund SCSp SICAV-RAIF	Term Loan	Converted by MCB Bank Limited	24.1.2.10	1,388,832,026	1,411,276,789	6 M SOFR + 4.35%	2 installments starting from June 18, 2026	Semi annually	Unsecured loan.
		Term Loan	-	-	3,483,209	3,416,638	6 M SOFR + 4.35%	1 installment ending on December 18, 2026	Semi annually	Unsecured loan.
39	Incofin Microfinance Enhancement Facility SA, SICAV-SIF (Incofin MEF) (new name "Global Gender Smart Fund") (GGSF)	Term Loan	Converted by MCB Bank Limited	24.1.2.11	487,375,000	987,000,000	6 M SOFR + 4%	1 installment ending on December 26, 2025	Semi annually	Unsecured loan.
40	British International Investment PLC	Term Loan	Converted by Bank Alfalah Limited	24.1.2.12	1,252,350,000	2,093,400,000	6 M SOFR + 4.35%	3 installments ending on December 19, 2026	Semi annually	Unsecured loan.
41	British International Investment PLC	Term Loan	Converted by Bank Alfalah Limited	24.1.2.12	2,088,825,000	-	6 M SOFR + 4.35%	5 installments starting from July 10, 2025	Semi annually	Unsecured loan.
42	Incofin IIV	Term Loan	Converted by Bank Alfalah Limited	24.1.2.13	701,250,000	696,000,000	6 M SOFR + 4%	2 installments starting from October 16, 2025	Semi annually	Unsecured loan.
43	Finnish Fund For Industrial Cooperation Limited	Term Loan	Converted by Habib Bank Limited	24.1.2.14	2,270,000,000	2,785,000,000	6 M SOFR + 4.35%	4 installments ending on June 25, 2027	Semi annually	Unsecured loan.
44	InsuResilience Investment Fund, SICAV RAIF	Term Loan	Converted by Habib Bank Limited	24.1.2.15	2,500,200,000	-	6 M SOFR + 4.5%	3 installments starting from October 08, 2027	Semi annually	Unsecured loan.
45	responsAbility SICAV (Lux)	Term Loan	Converted by Bank Alfalah Limited	24.1.2.16	1,390,466,628	-	6 M SOFR + 4.25%	4 installments starting from July 31, 2025	Semi annually	Unsecured loan.
		Term Loan	-	-	34,052	-	6 M SOFR + 4.25%	1 installment starting from July 31, 2025	Semi annually	Unsecured loan.
46	Global Gender Smart Fund (GGSF)	Term Loan	Converted by Bank Alfalah Limited	24.1.2.17	2,065,997,903	-	6 M SOFR + 4%	3 installments starting from December 30, 2025	Semi annually	Unsecured loan.
		Term Loan	-	-	8,513	-	6 M SOFR + 4%	1 installment on December 30, 2025	Semi annually	Unsecured loan.
		Term Loan	Converted by Bank Alfalah Limited	24.1.2.18	20,879,144	-	6 M SOFR + 4%	3 installments starting from December 30, 2025	Semi annually	Unsecured loan.
		Term Loan	-	-	8,513	-	6 M SOFR + 4%	1 installment on December 30, 2025	Semi annually	Unsecured loan.
47	Societe' De Promotion Et De Participation Pour LA Cooperation Economique S.A (Proparco)	Term Loan	Converted by Habib Bank Limited	24.1.2.19	2,799,990,200	-	6 M SOFR + 4.3%	7 installments starting from May 15, 2027	Semi annually	Unsecured loan.
		Term Loan	-	-	9,932	-	6 M SOFR + 4.3%	1 installment on May 15, 2027	Semi annually	Unsecured loan.
48	Japan Asean Women Empowerment Fund	Term Loan	Converted by Bank Alfalah Limited	24.1.2.20	2,816,991,549	-	6 M SOFR + 3.9%	3 installments starting from May 15, 2026	Semi annually	Unsecured loan.
		Term Loan	-	-	8,513	-	6 M SOFR + 3.9%	1 installment on May 15, 2027	Semi annually	Unsecured loan.
49	Micro, Small & Medium Enterprises Bonds S.A., acting in respect and on behalf of its Compartment "Series 524"	Term Loan	Converted by Habib Bank Limited	24.1.2.21	1,418,490,071	-	8.10%	2 installments starting from Oct 15, 2027	Semi annually	Unsecured loan.
		Term Loan	-	-	9,932	-		1 installment on Oct 15, 2027	Semi annually	Unsecured loan.
	Total foreign currency loans				24,498,473,759	17,820,145,470				

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24.1.2.1 The Company entered into cross currency swap agreement with Standard Chartered Bank Limited on November 1, 2019. Loan is translated at the exchange rate of Rs. 155.62 / USD converting the liability of USD 10,000,000 to Rs. 1,556,200,000 and the interest rate is converted from variable rate of 6M LIBOR plus 4% to a variable rate of 6M KIBOR plus 2.90%.

24.1.2.2 The Company entered into cross currency swap agreement with Standard Chartered Bank Limited on December 22, 2021. Loan is translated at the exchange rate of Rs. 178.15 / USD converting the liability of USD 5,499,980 to Rs. 979,821,437 and the interest rate is converted from variable rate of 6M LIBOR plus 4.15% to a variable rate of 6M KIBOR plus 3.55%.

24.1.2.3 The Company entered into cross currency swap agreement with Standard Chartered Bank Limited for first tranche of loan on December 22, 2021. Loan is translated at the exchange rate of Rs. 178.15 / USD converting the liability of USD 5,000,000 to Rs. 890,750,000 and the interest rate is converted from variable rate of 6M LIBOR plus 4.15% to a variable rate of 6 month KIBOR plus 3.45%.

The Company entered into cross currency swap agreement with Standard Chartered Bank Limited for second tranche of loan on April 27, 2022. Loan is translated at the exchange rate of Rs. 185.75 / USD converting the liability of USD 5,000,000 to Rs. 928,750,000 and the interest rate is converted from variable rate of 6M LIBOR plus 4.15% to a variable rate of 6 month KIBOR plus 4.10%.

24.1.2.4 The Company entered into currency forward contract with MCB Bank Limited on October 5, 2023 for repayment of the loan obtained from Belgian Investment Company for Developing Countries - BIO. The foreign currency amount was initially translated into local currency at the exchange rate of Rs. 223.35 / EUR and provided the Company with a forward rate of Rs. 242.87 / EUR at which the Company shall buy the foreign currency from the bank.

24.1.2.5 The Company entered into currency forward contract with MCB Bank Limited on December 26, 2022 for repayment of the loan obtained from Incofin MEF & Incofin CVSO. The foreign currency amount was initially translated into local currency at a rate of Rs. 226 / USD and provided the Company with a Forward rate of Rs. 240.6 / USD at which the Company shall buy the foreign currency from the bank.

24.1.2.6 The Company entered into currency forward contract with Habib Bank Limited on January 17, 2025 for repayment of the last installment of the loan obtained from Asian Development Bank. The foreign currency amount was translated into local currency at the exchange rate of Rs. 278.7 / USD and provided the Company with a Forward rate of Rs. 288 / USD for 6 months at which the Company shall buy the foreign Currency from the bank.

The Company entered into currency forward contract with Habib Bank Limited on January 17, 2025 for repayment of the last installment of the loan obtained from Asian Development Bank. The foreign currency amount was translated into local currency at the exchange rate of Rs. 278.7 / USD and provided the Company with a Forward rate of Rs. 288 / USD for 6 months at which the Company shall buy the foreign Currency from the bank.

24.1.2.7 The Company entered into currency forward contract with MCB Bank Limited on September 27, 2024 for repayment of the loan obtained from Blueorchard Microfinance Fund. The foreign currency amount of USD 4,999,980 translated into local currency at the exchange rate of Rs. 277.7 / USD and provided the Company with a forward rate of Rs. 288.2 / USD for USD 1,249,980 for 6 months and for USD 3,750,000 provided the Company with a forward rate of Rs. 301.7 / USD at which the Company shall buy the foreign currency from the bank.

24.1.2.8 The Company entered into currency forward contract with MCB Bank Limited on October 08, 2024 for repayment of the loan obtained from Japan Asean Women Empowerment Fund. The foreign currency amount of USD 4,999,968 translated into local currency at the exchange rate of Rs. 281.65 / USD and provided the Company with a forward rate of Rs. 287.15 / USD for USD 1,249,968 for 6 months and for USD 3,750,000 provided the Company with a forward rate of Rs. 302 / USD at which the Company shall buy the foreign currency from the bank.

24.1.2.9 The Company entered into currency forward contract with MCB Bank Limited on October 29, 2024 for repayment of the loan obtained from EMF Microfinance Fund AGMVK. The foreign currency amount of USD 2,010,000 translated into local currency at the exchange rate of Rs. 277.8 / USD and provided the Company with a forward rate of Rs. 286.80 / USD for USD 990,000 for 6 months and for USD 1,020,000 provided the Company with a forward rate of Rs. 300.30 / USD at which the Company shall buy the foreign currency from the bank.

The Company entered into currency forward contract with MCB Bank Limited on January 29, 2025 for repayment of the loan obtained from EMF Microfinance Fund AGMVK. The foreign currency amount of USD 1,239,470 was initially translated into local currency at the exchange rate of Rs. 278.9 / USD and provided the Company with a forward rate of Rs. 288.4 / USD for USD 660,000 for 6 months and for USD 579,470 provided the Company with a forward rate of Rs. 298.40 / USD at which the Company shall buy the foreign currency from the bank.

24.1.2.10 The Company entered into currency forward contract with MCB Bank Limited on December 20, 2024 for repayment of the loan obtained from Covid-19 Emerging and Frontier Markets MSME Support Fund SCSp SICAV-RAIF. The foreign currency amount of USD 4,987,725 translated into local currency at the exchange rate of Rs. 278.45 / USD and provided the Company with a forward rate of Rs. 297.85 / USD at which the Company shall buy the foreign currency from the bank.

24.1.2.11 The Company entered into currency forward contract with MCB Bank Limited on December 27, 2024 for repayment of the loan obtained from Incofin Microfinance Enhancement Facility SA. The foreign currency amount of USD 1,750,000 translated into local currency at the exchange rate of Rs. 278.5 / USD and provided the Company with a forward rate of Rs. 298 / USD at which the Company shall buy the foreign currency from the bank.

24.1.2.12 The Company entered into currency forward contract with Bank Alfalah Limited on December 19, 2024 for repayment of the loan obtained from British International Investment plc. The foreign currency amount of USD 6,000,000 translated into local currency at the exchange rate of Rs. 278.3 / USD and provided the Company with a forward rate of Rs. 288.28 / USD for USD 1,500,000 for 6 months and for USD 4,500,000 provided the Company with a forward rate of Rs. 297.55 / USD at which the Company shall buy the foreign currency from the bank.

24.1.2.13 The Company entered into currency forward contract with Bank Alfalah Limited on April 18, 2025 for repayment of the loan obtained from Incofin IIV. The foreign currency amount of USD 2,500,000 translated into local currency at the exchange rate of Rs. 280.5 / USD and provided the Company with a forward rate of Rs. 292 / USD for USD 1,250,000 for 6 months and for USD 1,250,000 provided the Company with a forward rate of Rs. 302.75 / USD at which the Company shall buy the foreign currency from the bank.

24.1.2.14 The Company entered into currency forward contract with Habib Bank Limited on June 26, 2025 for repayment of the loan obtained from Finnish Fund For Industrial Cooperation Limited. The foreign currency amount of USD 8,000,000 translated into local currency at the exchange rate of Rs. 283.75 / USD and provided the Company with a forward rate of Rs. 292.75 / USD for USD 2,000,000 for 6 months and for USD 6,000,000 provided the Company with a forward rate of Rs. 303.75 / USD at which the Company shall buy the foreign currency from the bank.

24.1.2.15 The Company entered into currency forward contract with Habib Bank Limited on October 09, 2024 for repayment of the loan obtained from InsuResilience Investment Fund, SICAV RAIF. The foreign currency amount of USD 9,000,000 was initially translated into local currency at the exchange rate of Rs. 277.8 / USD and provided the Company with a forward rate of Rs. 301.30 / USD at which the Company shall buy the foreign currency from the bank.

24.1.2.16 The Company entered into currency forward contract with Bank Alfalah Limited on December 16, 2024 for repayment of the loan obtained from responsAbility SICAV (Lux). The foreign currency amount of USD 4,999,880 was initially translated into local currency at the exchange rate of Rs. 278.1 / USD and for amount of USD 1,249,880 provided the Company with a forward rate of Rs. 290.60 / USD for 7 months and for USD 3,750,000 provided the Company with a forward rate of Rs. 297.35 / USD for 1 year at which the Company shall buy the foreign currency from the bank.

24.1.2.17 The Company entered into currency forward contract with Bank Alfalah Limited on December 31, 2024 for repayment of the loan obtained from Global Gender Smart Fund. The foreign currency amount of USD 7,424,970 was initially translated into local currency at the exchange rate of Rs. 278.25 / USD and provided the Company with a forward rate of Rs. 297.75 / USD for 1 year at which the Company shall buy the foreign currency from the bank.

24.1.2.18 The Company entered into currency forward contract with Bank Alfalah Limited on January 08, 2025 for repayment of the loan obtained from Global Gender Smart Fund. The foreign currency amount of USD 74,970 was initially translated into local currency at the exchange rate of Rs. 278.5 / USD and provided the Company with a forward rate of Rs. 297.45 / USD for 1 year at which the Company shall buy the foreign currency from the bank.

24.1.2.19 The Company entered into currency forward contract with Habib Bank Limited on March 07, 2025 for repayment of the loan obtained from Societe' De Promotion Et De Participation Pour LA Cooperation Economique S.A (Proparco). The foreign currency amount of USD 9,999,965 was initially translated into local currency at the exchange rate of Rs. 280 / USD and provided the Company with a forward rate of Rs. 299.25 / USD for 1 year at which the Company shall buy the foreign currency from the bank.

24.1.2.20 The Company entered into currency forward contract with Bank Alfalah Limited on May 16, 2025 for repayment of the loan obtained from Japan Asean Women Empowerment Fund. The foreign currency amount of USD 9,999,970 was initially translated into local currency at the exchange rate of Rs. 281.7 / USD and provided the Company with a forward rate of Rs. 302.2 / USD for 1 year at which the Company shall buy the foreign currency from the bank.

24.1.2.21 The Company entered into currency forward contract with Habib Bank Limited on June 19, 2025 for repayment of the loan obtained from Micro, Small & Medium Enterprises Bonds S.A., acting in respect and on behalf of its Compartment "Series 524". The foreign currency amount of USD 5,000,000 was initially translated into local currency at the exchange rate of Rs. 283.7 / USD and provided the Company with a forward rate of Rs. 304.25 / USD for 1 year at which the Company shall buy the foreign currency from the bank.

24.2 Translation loss on foreign currency loans

Foreign currency loans have been translated to Pakistan Rupees using spot rate as at the reporting date.

25 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movement during the year:

	2025	2024
	Rupees	
Balance as at July 1	190,111,881	106,805,405
Lease liability recognized during the year	170,049,228	178,030,829
Unwinding of lease liability	33,896,381	31,611,897
	394,057,490	316,448,131
Less: Lease rentals paid	(121,411,714)	(107,306,405)
Less: Lease terminations	(43,509,918)	(19,029,845)
Balance as at June 30	229,135,858	190,111,881
Current portion of lease liabilities	121,109,138	82,136,650
Non-current portion of lease liabilities	108,026,720	107,975,231
	229,135,858	190,111,881

25.1 Maturity analysis of lease liabilities

The effective interest rate used as the discounting factor (i.e. incremental borrowing rate) ranges from 9.45% to 26.02% (2024: 19.45% to 26.09%). The amount of future payments and the period during which they will become due are:

	2025	2024
	Rupees	
Year ending 30 June		
2025	-	111,882,657
2026	135,491,305	88,236,195
2027	99,887,857	35,223,264
2028	29,789,579	1,208,278
2029	2,050,416	334,576
2030	897,417	-
	268,116,574	236,884,970
Less: Future finance charges	(38,980,716)	(46,773,089)
	229,135,858	190,111,881
Less: Current maturity of long term lease liability	(121,109,138)	(82,136,650)
	108,026,720	107,975,231

25.2 Amounts recognized in the statement of income and expenditure

	2025	2024
Markup expense on lease liabilities	33,896,381	31,611,897
Depreciation on right of use assets	108,695,361	89,061,061
Gain on lease terminations	(14,764,561)	(2,158,883)
	127,827,181	118,514,075

26 Deferred tax lability

	2025			
	As July 1, 2024	Recognized in OCI	Recognized in statement of income and expenditure	As June 30, 2025
	Rupees			
Deferred Tax Liability				
Property and equipment	323,992,623	-	(4,312,598)	319,680,025
Hedge Reserve	-	81,191,782	-	81,191,782
Right of Use Assets	65,862,326	-	12,717,319	78,579,645
	389,854,949	81,191,782	8,404,721	479,451,452
Deferred Tax Asset				
Lease liabilities	(74,143,634)	-	(15,219,351)	(89,362,985)
Short term investments	(33,546,696)	-	23,833,255	(9,713,441)
Loss allowance for expected credit losses	(67,271,035)	-	8,347,497	(58,923,538)
	(174,961,365)	-	16,961,401	(157,999,964)
Deferred Tax Liability - Net	**214,893,584**	**81,191,782**	**25,366,122**	**321,451,488**

	2024			
	As July 1, 2023	Recognized in OCI	Recognized in statement of income and expenditure	As June 30, 2024
	Rupees			
Deferred Tax Liability				
Property and equipment	-	287,019,672	36,972,951	323,992,623
Right of Use Assets	-	-	65,862,326	65,862,326
Short term investments	-	-	(33,546,696)	(33,546,696)
	-	287,019,672	69,288,581	356,308,253
Deferred Tax Asset				
Lease liabilities	-	-	(74,143,634)	(74,143,634)
Loss allowance for expected credit losses	-	-	(67,271,035)	(67,271,035)
	-	-	(141,414,669)	(141,414,669)
Deferred Tax Liability - Net	**-**	**287,019,672**	**(72,126,088)**	**214,893,584**

26.1 As per Finance Act, 2024, companies operating in certain sectors, including Non Banking Finance Companies, having income more than Rs. 500 million are liable to pay super tax at 10%.

26.2 Taxable and deductible differences are booked in statement of income and expenditure except for revaluation of land and hedge reserve amounting to Rs.81 million (2024: Rs.287 million).

27 Short term borrowings

	Note	2025	2024
		Rupees	
Short term running finance - secured	27.1	-	994,173,320
KIVA loan - foreign currency loan - unsecured	27.2	258,602,580	184,162,525
		258,602,580	1,178,335,845

27.1 This represents running finance facility obtained from National Bank of Pakistan. The facility carried mark up at the rate of 3 month KIBOR + 1% per annum of the utilized amount, payable on monthly basis. The facility was secured against PIBs amounting to Rs. 1,000 which was matured during the period resulting in repayment of the utilized amount respectively.

27.2 This represents loan obtained from KIVA Micro funds, a California based non-profit, public benefit corporation. KIVA operates a web based business that provides microfinance loans to individuals and groups of developing countries through local lenders of those countries. The Company is registered with KIVA and is responsible for collection of loans from borrowers and repayment to KIVA. KIVA deducts upfront fee of 3% (2024: 3%) on Kashf karobar karza and Kashf murabaha and 2.5% (2024: 2.5%) on Kashf school sarmaya loan as per the terms of revised agreement starting from January 1, 2023.

28 Deferred grants

	Coca Cola Foundation	I-Care Foundation	Global Affairs Canada (GAC)	Infrazamin	Miscellaneous local donations	Deferred grants for assets	Total
				Rupees			
As at July 1, 2023	1,277,618	-	402,711,454	-	4,354,321	33,450,008	441,793,401
Funds received in cash	-	9,318,600	109,255,693	-	902,887	-	119,477,180
Funds utilized for assets	-	-	(3,873,477)	-	-	6,792,434	2,918,957
disbursement	-	(250,000)	-	-	-	-	(250,000)
Service level agreement	-	-	(1,507,093)	-	-	1,507,093	-
	1,277,618	9,068,600	506,586,577	-	5,257,208	41,749,535	563,939,538
Funds utilized							
Recognized as income -							
depreciation of operating fixed assets	-	-	-	-	-	(13,871,432)	(13,871,432)
amortization of intangible assets	-	-	-	-	-	(3,109,444)	(3,109,444)
service level agreement	-	-	-	-	-	(1,303,297)	(1,303,297)
operating expenses	-	(1,136,989)	(282,960,125)	-	(464,978)	-	(284,562,092)
	-	(1,136,989)	(282,960,125)	-	(464,978)	(18,284,173)	(302,846,265)
Transferred to other income	-	-	-		-	-	-
As at June 30, 2024	1,277,618	7,931,611	223,626,452	-	4,792,230	23,465,362	261,093,273
Funds received in cash	-	9,765,957	752,775,570	21,850,000	14,266,987	-	798,658,514
Funds utilized for assets	-	-	(17,275,401)	-	-	20,241,509	2,966,108
disbursement	-		-	-	-	-	-
Service level agreement	-	-	(1,625,004)	(21,850,000)	-	23,475,004	-
Grant receivable				1,200,000			1,200,000
	1,277,618	17,697,568	957,501,617	1,200,000	19,059,217	67,181,875	1,063,917,895
Funds utilized							
Recognized as income -							
depreciation of operating fixed assets	-	-	-	-	-	(12,674,175)	(12,674,175)
amortization of intangible assets	-	-	-	-	-	(3,109,443)	(3,109,443)
service level agreement	-	-	-	-	-	(17,537,740)	(17,537,740)
operating expenses	-	(94,750)	(501,810,919)	-	(11,589,931)	-	(513,495,600)
	-	(94,750)	(501,810,919)	-	(11,589,931)	(33,321,358)	(546,816,958)
Transferred to other income	-	-	-	-	-	-	-
As at June 30, 2025	1,277,618	17,602,818	455,690,698	1,200,000	7,469,286	33,860,517	517,100,937

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29 Financial liabilities used for hedging

The Company enters into derivative transactions with scheduled banks in Pakistan to hedge its foreign currency exposures associated with foreign currency loans. In general, the Company enters into bespoke cross currency swap agreements and currency forward contracts for each individual foreign currency loan. The foreign currency loans hedged by the Company are given in note 24.1.2.

The Company measures the fair value of hedging instruments, which are non-exchange-traded, based on price quotes obtained from the counterparties/broker dealers. The counterparty price quotes reflect the amounts that the Company expects to receive or pay to terminate the contract at the reporting date, taking into account the current market conditions (rate parity, volatility, yield curve).

The full fair value of hedging derivatives is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than twelve months. It is classified as a current asset or liability when the remaining maturity of the hedged item is less than twelve months. Trading derivatives are classified as a current asset or liability.

	Cross Currency Swap		Currency Forward Contract	
	Mark to market	Notional Amounts	Mark to market	Notional Amounts
	Rupees		Rupees	
June 30, 2025				
MCB Bank Limited	-	-	(172,579,365)	4,681,318,291
Habib Bank Limited	-	-	(269,935,091)	9,643,249,687
Bank Alfalah Limited	-	-	(399,609,098)	10,499,226,909
	-	-	(842,123,554)	24,823,794,887
Less: Current portion	-	-	842,123,554	(24,823,794,887)
	-	-	-	-

	Cross Currency Swap		Currency Forward Contract	
	Mark to market	Notional Amounts	Mark to market	Notional Amounts
	Rupees		Rupees	
June 30, 2024				
MCB Bank Limited	-	-	(672,749,915)	9,126,469,633
Standard Chartered Bank Limited	723,383,090	2,041,166,354	-	-
Habib Bank Limited	-	-	(163,959,345)	4,439,527,267
Bank Alfalah Limited	-	-	(113,477,539)	2,783,412,450
	723,383,090	2,041,166,354	(950,186,799)	16,349,409,350
Less: Current portion	(723,383,090)	(2,041,166,354)	950,186,799	(16,349,409,350)
	-	-	-	-

29.1 Maturity analysis

	No. of contracts	Notional principal	Mark to market		
			Negative	Positive	Net
			Rupees		
As at June 30, 2025					
Up to 1 month	5	3,232,985,512	(209,610,293)	-	(209,610,293)
1 to 3 months	1	1,064,116,875	(52,830,000)	-	(52,830,000)
3 to 6 months	11	11,210,872,805	(355,556,510)	-	(355,556,510)
6 month to 1 year	6	9,315,819,695	(224,126,750)	-	(224,126,750)
		24,823,794,887	(842,123,553)	-	(842,123,553)

	No. of contracts	Notional principal	Mark to market		
			Negative	Positive	Net
			Rupees		
As at June 30, 2024					
Up to 1 month	2	899,970,025	(26,240,095)	148,985,776	122,745,681
1 to 3 months	1	1,391,700,658	(137,355,151)	-	(137,355,151)
3 to 6 months	8	10,059,063,108	(600,244,248)	269,221,782	(331,022,466)
6 month to 1 year	6	6,039,841,913	(186,347,305)	305,175,532	118,828,227
		18,390,575,704	(950,186,799)	723,383,090	(226,803,709)

	2025			2024		
	Change in fair value of item used for measuring ineffectiveness	Change in fair value of instrument used for measuring ineffectiveness	Cash flow hedge reserve	Change in fair value of item used for measuring ineffectiveness	Change in fair value of instrument used for measuring ineffectiveness	Cash flow hedge reserve
		Rupees			Rupees	
Firm Commitment	244,458,000	(615,319,845)	(370,861,845)	4,962,787,367	(5,613,134,602)	(650,347,235)

The hedge ineffectiveness can arise from:

- The fair value of the hedging instrument on the hedge relationship designation date, if not zero;
- Differences in the timing, or changes to the forecasted amount, of the cashflows of the hedged items and the hedging instruments; and
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items.

Since the hedge is effective during the year, therefore, all the gain / (loss) on hedging transaction has been recognized in statement of other comprehensive income.

30 Accrued markup	Note	2025	2024
		Rupees	
Markup on:			
- long term loans		826,100,089	897,389,231
- short term borrowings		-	18,734,463
		826,100,089	916,123,694

31 Trade and other payables

	Note	2025	2024
Accrued expenses		179,696,862	95,299,789
Provident fund payable	31.1	5,880,449	117,711
Insurance premium payable		253,859,829	192,355,038
Deferred Murabaha income		348,149,427	285,017,825
Unearned service charges		70,052,000	9,072,575
Claims payable		13,412,471	13,828,106
Cash Management System (CMS) charges payable		50,518,727	34,392,574
Staff bonus payable		341,181,017	180,247,780
Withholding tax payable		24,729,167	22,135,176
Other liabilities		88,627,232	176,988,764
Provision for taxation		586,708,512	1,079,616,195
Levy payable to Government		1,418,523	135,933,387
		1,964,234,216	2,225,004,920

31.1 Provident fund:

The Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the audited financial statements of the provident fund as at June 30, 2025:

	Note	Audited June 30, 2025	Audited June 30, 2024
		Rupees	
Size of the fund - total assets		2,220,643,531	1,754,557,536
Cost of investments made	31.1.1	929,604,663	628,328,653
Percentage of investments - (% of total assets)		42%	36%
Fair value of investments made		929,604,663	628,328,653

31.1.1 The break-up of investments is as follows:

	2025		2024	
	Rupees	%	Rupees	%
Term deposit receipts	750,000,000	80.68	500,000,000	79.58
Mutual funds	179,604,663	19.32	128,328,653	20.42
	929,604,663	100	628,328,653	100

The investments out of the provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

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32 Contingencies and commitments

32.1 Contingencies

There are no material known contingencies as at June 30, 2025.

	Note	2025	2024
		Rupees	
32.2 Commitments			
Ijarah Agreements			
The future aggregate payments under Ijarah arrangement are as follows.			
- Not later than 1 year		7,816,032	10,749,720
- Later than 1 year but less than 5 years		4,721,505	17,199,552
- later than 5 years		-	-
		12,537,537	27,949,272

33 Mark-up and other charges on micro-credit loan portfolio

Mark-up charges on:			
Kashf Karobar Karza		11,065,511,487	9,066,558,182
Kashf School Sarmaya		133,005,707	105,049,024
Kashf Easy Loan		4,075,641	523,783,091
Kashf Muwaishi Karza		1,089,871,160	987,744,770
Kashf Sahulat Karza		71,012,976	56,644,423
Kashf Fori Karza		1,555,200,188	611,418,326
Kashf Top Up Karza		211,606,502	121,223,329
Kashf Sawari Karza		-	11,907
Home Improvement Loans		202,203,930	41,190,973
Kashf Nujawan Sarmaya		2,460,856	-
		14,334,948,447	11,513,624,025
Commission on insurance		220,652,549	106,126,973
		14,555,600,996	11,619,750,998

34 Profit and other charges on Kashf murabaha portfolio

Profit on:			
Kashf murabaha		573,267,880	469,844,789
Kashf muwaishi murabaha		21,479,661	11,725,103
		594,747,541	481,569,892
Commission on takaful		2,355,639	1,626,580
		597,103,180	483,196,472

35 Grant income

Grant related to projects		513,495,600	284,562,092
Amortization of grant related to			
- Depreciation of property and equipment		12,674,175	13,871,432
- Amortization of intangible assets		3,109,443	3,109,444
Service level agreement		17,537,740	1,303,297
		546,816,958	302,846,265

		Note	2025	2024
			Rupees	
36	**Return on investments and bank deposits**			
	Return on term deposit receipts			
	- Local		304,564,560	225,923,528
	- Foreign		68,544,266	53,997,914
			373,108,826	279,921,442
	Return on Pakistan Investment Bonds		200,774,554	266,715,218
	Return on term finance certificates		102,995,536	152,587,891
			676,878,916	699,224,551
	Return on bank deposits			
	- Local		1,084,625,822	1,504,077,039
	- Foreign		3,468,836	2,445,738
			1,088,094,658	1,506,522,777
			1,764,973,574	2,205,747,328

		Note	2025	2024
37	**Programme cost**			
	Salaries, wages and benefits		3,438,241,101	2,622,144,018
	Travel and conveyance		440,283,376	391,603,076
	Insurance		480,952,726	387,011,183
	Office rent		-	687,600
	Seminar, workshop, research and staff training expenses		66,945,669	47,452,328
	Entertainment		139,048,650	92,070,330
	Printing and stationery		53,423,789	43,019,408
	Communication		36,593,652	31,313,765
	Legal and professional charges		59,650,259	51,529,930
	Depreciation - owned assets	6.3	103,864,485	71,400,550
	Depreciation - right of use assets	6.3	108,695,361	89,061,061
	Utilities		73,752,881	60,749,127
	Repair and maintenance		25,958,855	20,726,263
	Office supplies		36,672,901	24,342,473
	Security		6,039,237	4,024,410
	Miscellaneous		4,504,481	7,958,864
			5,074,627,423	3,945,094,386

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		Note	2025	2024
			Rupees	
38	**Grant expenses**			
	Salaries, wages and benefits		331,469,880	155,111,720
	Travel and conveyance		49,863,621	31,444,808
	Insurance		1,060,933	918,641
	Office rent		518,732	171,350
	Seminar, workshop, research and staff training expenses		68,519,086	29,943,887
	Legal and professional charges		16,160,999	-
	Printing and stationery		6,396,114	4,744,378
	Communication		5,032,436	2,828,049
	Depreciation - owned assets	6.3	12,674,175	13,871,432
	Amortization	7.1.1	3,109,443	3,109,444
	Utilities		1,408,070	1,121,920
	Prepayment amortization		1,376,741	1,303,297
	Repair and maintenance		6,237,061	3,994,187
	Office supplies		4,557,939	4,093,534
	Media campaign		30,775,664	48,027,779
	Teleclinic		3,552,464	-
	Miscellaneous		4,103,600	2,161,839
			546,816,958	302,846,265

		Note	2025	2024
39	**Finance cost**			
	Mark-up on long term loans		4,672,335,658	5,659,122,848
	Mark-up on short term borrowings		33,851,526	98,421,349
	Mark-up on lease liabilities	25.2	33,896,381	31,611,897
	Bank and other charges		432,601,854	375,429,997
	Amortization of transaction costs of long term loans		91,458,294	91,862,203
	Reclassification of forward points		1,921,855,789	1,096,584,717
			7,185,999,502	7,353,033,011

		Note	2025	2024
40	**Management and administrative expenses**			
	Salaries, wages and benefits		586,758,827	456,996,029
	Travel and conveyance		51,345,998	39,402,309
	Insurance		2,810,954	2,222,001
	Seminar, workshop, research and staff training expenses		17,813,323	12,239,068
	Entertainment		12,513,983	10,975,531
	Printing and stationery		2,507,342	698,092
	Communication		17,463,393	11,026,181
	Legal and professional charges	40.1	25,640,837	29,758,837
	Depreciation - owned assets	6.3	46,471,184	48,091,112
	Ijarah rentals	40.3	9,261,018	4,874,138
	Utilities		5,870,587	4,701,732
	Repair and maintenance		34,332,859	27,242,477
	Office supplies		3,763,855	4,665,441
	Security		1,027,976	832,385
	Amortization	7.1.1	7,615,620	7,102,847
	Auditor's remuneration	40.2	5,376,500	4,955,000
	Advertisement		22,507,812	15,423,134
	Miscellaneous		698,698	1,543,494
			853,780,766	682,749,808

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40.1 Shariah Advisor Remuneration

Kashf foundation has appointed Al Hamd Shariah Advisory Services (Private) Limited as its Shariah advisor for the review of the mechanism of Islamic portfolio with the remuneration of Rs. 50,600 per month (2024: 49,720 per month).

	2025	2024
	Rupees	
40.2 Auditors' remuneration		
Audit services		
Statutory audit fee	3,790,000	3,500,000
Out of pocket expenses	667,500	615,000
	4,457,500	4,115,000
Non-audit service		
Certifications for compliance with covenants of long term loans and other statutory certificates	910,000	840,000
	5,367,500	4,955,000

40.3 Ijarah rentals

The Company entered into an Ijarah Agreement with Meezan Bank Limited for acquisition of motor vehicles. Under the agreement, the term of Ijarah is 3 years with variable Ijrah payments payable monthly in advance. The tentative variable rental payment schedule has been prepared based on benchmark rate of six month KIBOR + 1.% per annum.

	Note	2025	2024
		Rupees	
41 Other expenses			
Foreign exchange loss - net		-	56,305,443
Fair value loss on Term Finance Certificates		-	32,255,346
Fair value loss on mutual funds		-	86,017,169
		-	174,577,958
42 Other income			
Income from financial assets:			
Write off recovered		3,849,352	3,319,714
Liabilities written back		20,900,784	11,807,059
Foreign exchange gain - net		53,923,483	-
Capital gain on mutual funds	16.1	394,953,886	-
Fair value gain on Term Finance Certificates	16.2	7,187,428	-
Dividend income		95,542,854	389,567,195
Income from assets other than financial assets:			
Income from rent		12,300,000	10,254,772
Gain on disposal of property and equipment		12,695,714	20,784,767
Gain on termination of lease		14,764,561	2,158,883
Miscellaneous income	42.1	28,455,553	24,950,762
		644,573,615	462,843,152

	2025	2024
42.1 Miscellaneous income includes:		
Income against drama production arrangement	22,265,835	20,033,042
Sale of udari crafts	1,786,822	-
Sale of scrap	1,803,204	804,796
Others	2,599,692	4,112,924
	28,455,553	24,950,762

43 Final and minimum tax differential

This represents Final and Minimum tax paid under section 5 of Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21.

44 Taxation Expense

		Note	2025	2024
			Rupees	
Current -	For the year		(1,585,676,129)	(960,836,628)
	Prior year		10,636,742	(2,201,278,159)
			(1,575,039,387)	(3,162,114,787)
Deferred		26	(25,366,122)	72,126,088
			(1,600,405,509)	(3,089,988,699)

44.1 The Company was previously recognized as a Non-Profit Organization (NPO) under Section 2(36) of the Income Tax Ordinance, 2001. This status was subsequently challenged by the Commissioner Inland Revenue (CIR), who withdrew the approval through orders issued in 2015 and 2019. These orders were remanded for reconsideration by the Chief Commissioner Inland Revenue (CCIR).

Following further proceedings, the matter was taken to the Lahore High Court (LHC), which through its order dated December 27, 2023, upheld the revocation of the Company's NPO status. The Company has filed a Civil Petition for Leave to Appeal (CPLA) before the Supreme Court of Pakistan. As of the reporting date, the petition remains pending and no hearing has been conducted.

In view of the LHC decision, the Company has complied with its tax obligations and is currently accounting for income tax under the applicable provisions of the Income Tax Ordinance, 2001.

44.2 Tax charge reconciliation

Numerical reconciliation between the average effective tax rate and the applicable tax rate:

	Note	2025	2024
		Rupees	
Surplus of income over expenditure for the year		4,364,099,300	2,554,002,405
Tax on income @ 29%		1,265,588,797	740,660,697
Tax effect of prior years charge		(10,636,742)	2,291,784,435
Effect of Super tax @ 10%		436,409,930	276,395,090
Impact of Income Subject to Minimum Tax Regime / Final Tax Regime		(56,375,207)	(39,076,480)
Impact of Income exempt from tax		(35,249,992)	(33,132,898)
Tax Classified as Levy under IFRIC 21		(1,418,522)	(135,933,387)
Others		2,087,245	(10,708,758)
Tax charge for the year		1,600,405,509	3,089,988,699

45 Cash and cash equivalents

	Note	2025	2024
Cash and bank balances	18	7,812,241,564	8,720,866,086
Short term running finance - secured	27	-	(994,173,320)
		7,812,241,564	7,726,692,766

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46 Remuneration of chief executive, directors and executives

	Chief Executive Officer		Executives	
	2025	2024	2025	2024
Managerial remuneration	39,487,488	34,205,043	925,283,394	610,582,060
Bonus	5,442,470	2,898,707	119,750,132	51,233,950
Provident Fund contribution	2,721,239	2,280,336	60,452,752	40,705,471
Vehicle allowance	12,086,400	7,548,168	70,598,699	41,950,731
Mobile allowance	240,000	120,000	3,971,851	2,260,500
Driver allowance	-	-	19,660,580	8,350,000
Petrol allowance	2,188,831	1,944,809	37,669,846	28,489,819
	62,166,428	48,997,063	1,237,387,254	783,572,531
Number	1	1	389	273

46.1 Total number of Directors of the Company as at June 30, 2025 were 10 (2024: 10). None of the director is paid any remuneration (2024: Nil).

47 Number of employees

The Company has employed following number of persons including permanent and contractual staff:

	2025	2024
	Numbers	
As at June 30	4,861	4,139
Average number of employees	4,612	3,993

48 Ratios

	Note	2025 Percentage	2024 Percentage
Portfolio at risk	48.1	0.71%	0.91%
Adjusted return / (loss) on assets	48.2	5.23%	(1.44%)
Adjusted return / (loss) on equity	48.3	26.30%	(6.86%)
Operational self-sufficiency	48.4	133%	121.00%
Financial self-sufficiency	48.5	129.38%	110.39%
Surplus / (deficit) as a percentage of total receipts	48.6	15.25%	(4.46%)
Management and administrative expenses as percentage of total receipts	48.7	4.71%	4.53%

48.1 **Portfolio at risk**

The value of all outstanding loans that have one or more installments of principal overdue for more than one day. This item includes the entire unpaid principal balance, including both overdue and future installments, but not accrued service charges.

48.2 **Adjusted return / (loss) on assets**

Adjusted Return On Assets ("ROA") is calculated using adjusted earnings in the numerator for the last twelve months and using average total assets in the denominator.

48.3 **Adjusted return / (loss) on equity**

This calculates the rate of return of the Company on the average equity for the period. Adjusted Return On Equity ("ROE") is calculated using adjusted earnings in the numerator for the last twelve months and using average equity in the denominator.

48.4 **Operational self-sufficiency**

Measures how well the Company covers its costs through operating revenues. It is calculated using operating income as numerator and denominator includes operating expense, financial expense and loan-loss provision expense are also included in this calculation, as they are normal (and significant) cost of operating.

48.5 **Financial self-sufficiency**

This ratio measures how well the Company covers its costs, taking into account a certain adjustments to operating expenses. The purpose of these adjustments is to model how well the Company could cover its costs if its operations that are unsubsidised and it was funding its expansion with commercial-cost liabilities. It is calculated in the same manner as operational self-sufficiency except the adjustment to the operating expenses for operations of the Company that are unsubsidised and it was funding its expansion with commercial cost liabilities along with the impact of inflation.

48.6 **Surplus / (deficit) as a percentage of total receipts**

This ratio represents the proportion of surplus / (deficit) against total receipts of the Company. This measures how well the Company is managing its expenses over total receipts. This is calculated using surplus / (deficit) for the year as numerator and denominator includes total receipts for the year.

48.7 **Management and administrative expenses as a percentage of total receipts**

This ratio represents the proportion the management and admin expenses against gross income of the Company. This is calculated using the management and admin expenses for the year as numerator and denominator includes total receipts.

			2025	2024
		Note	Numbers	
48.8	Active loan:			
	- as at June 30	13.12 & 14.4	963,698	817,876
	Active clients:			
	- as at June 30		926,566	778,970
	- disbursements during the year	48.8.1	1,057,635	901,135

48.8.1 **Disbursements during the year**

The Company has disbursed micro-credit loans & murabaha amounting to Rs. 64.48 billion (2024: Rs. 49.85 billion) during the year.

49 Financial instruments and risk management

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company has exposure to following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

49.1 Risk management framework

The Board of Directors have the overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the Audit Committee.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of funds.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to align with the to changes in market conditions and the Company's operations.

49.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting in a particular industry.

Credit risk arises principally from Company's receivables from borrowers. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each borrower. The Company controls its credit risk by the following methods:

a) Ascertainment of credit worthiness of borrowers.

b) Monitoring of debt on a continuous basis.

c) Regular follow-ups with customers;

d) Loan provision in accordance with NBFC Regulations applicable to Non-Banking Microfinance Companies and requirements of IFRS 9 - Financial Instruments.

e) Confirmation of credit history of borrowers through Data Check's Micro-Finance Credit Investigation Bureau; and

f) Credit appraisal of the borrowers through NADRA verisys.

49.2.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is as follows:

	2025	2024
	Rupees	
Long term investments	861,303,824	507,620,068
Short term investments	7,686,692,813	6,864,488,934
Long term loans	39,043,004	17,100,880
Long term deposits	151,654,100	152,151,700
Bank balances	7,804,069,776	8,714,522,434
Micro-credit loan portfolio	35,716,564,235	27,838,056,893
Kashf murabaha portfolio	1,443,651,002	1,126,293,138
Accrued service charges	633,183,955	517,284,248
Deposits and other receivable	342,336,210	362,627,405
	54,678,498,919	46,100,145,700

Concentration risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

	2025	2024
	Rupees	
Banking companies and financial institutions	16,560,923,809	16,233,219,776
Micro-credit loan and murabaha portfolio	37,793,399,192	29,481,634,279
Others	324,175,918	385,291,645
	54,678,498,919	46,100,145,700

49.2.2 Ageing of micro-credit loan and murabha portfolio and Expected Credit Loss:

Financial year	Note	Neither past due nor impaired	Upto 29 days	30 to 89 days	90 to 179 days	More than 180 days	Total
2025							
Gross Portfolio - Rs.	13.13 & 14.5	37,043,180,504	130,115,479	27,088,736	26,905,688	81,072,252	37,308,362,659
Expected Credit Loss - Rs.		56,487,103	362,698	1,915,749	8,309,620	81,072,252	148,147,422
% of ECL		0.15%	0.28%	7.07%	30.88%	100.00%	0.40%
2024							
Gross Portfolio - Rs.	13.13 & 14.5	28,869,292,280	107,346,808	23,638,193	23,470,453	110,142,655	29,133,890,389
Expected Credit Loss - Rs.		16,935,115	11,343,134	11,536,094	19,583,360	110,142,655	169,540,358
% of ECL		0.06%	10.57%	48.80%	83.44%	100.00%	0.58%

49.2.3 Balances with banking companies

The Company has balances and investments with banks amounting to Rs. 16,352.010 million (2024: Rs. 16,086.63 million) as at June 30, 2025. These are held with banks and financial institutions counterparties, which are rated BB to AAA, based on the credit ratings from rating agencies.

Impairment on these financial assets has been measured on a 12 months expected loss basis and reflects short term maturities of the exposure. The company considers that these balances has low credit risk based on the external ratings of the counterparties.

	2025	2024
	Rupees	
Bank balances	7,804,069,776	8,714,522,434
Short term investments	7,686,692,813	6,864,488,934
Long term investments	861,303,824	507,620,068
	16,352,066,413	16,086,631,436

49.2.4 Credit quality of investments and bank balances

The credit quality of major financial asset that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Name of Bank / Financial Institutions	Rating Agency	Short term	Long term	2025	2024
				Rupees	
Faysal Asset Management Limited	VIS	AM1	-	54,241,066	21,489,480
NBP Mutual Fund	PACRA	AA(f)	-	281,094,606	1,283,451,013
ABL Financial Sector Fund	PACRA	A+(f)	-	13,730,052	12,160,695
JS Fixed Term Munafa Plan 11	PACRA	AAA(f)	-	540,393,509	559,418,913
JS Fixed Term Munafa Plan 13	PACRA	AAA(f)	-	522,222,875	781,045,518
JS Fixed Term Munafa Plan 17	PACRA	AAA(f)	-	515,123,724	-
NIT Government Bond Fund	PACRA	AA(f)	-	588,641,339	523,510,775
Alfalah GHP Money Market Fund	PACRA	AA+(f)	-	3,788,715	258,292,260
UBL Income Opportunity Fund	VIS	AA- (f)	-	10,682,403	1,027,702
UBL Liquidity Plus Fund	VIS	AA+(f)	-	1,140,328	-
Pak Libya Holding Company	PACRA	A1+	AA	86,118,786	-
Allied Bank Limited	PACRA	A1+	AAA	17,738,638	10,073,066
Apna Microfinance Bank Limited	PACRA	A4	BB	5,417,810	5,256,610
Askari Bank Limited	PACRA	A1+	AA+	3,366,981	3,363,587
Bank Alfalah Limited	PACRA	A1+	AAA	12,839,286	7,806,992
Bank Al-Habib Limited	PACRA	A1+	AAA	51,490,332	47,596,514
BankIslami Pakistan Limited	PACRA	A1	AA-	150,206	91,853
Central Depository Company	-	-	-	700,721	34,312
Dubai Islamic Bank	VIS	A1+	AA	198,727	198,840
Faysal Bank Limited	PACRA	A1+	AA	4,747,114	4,026,191
Habib Bank Limited	VIS	A1+	AAA	122,462,460	487,007,621
JS Bank Limited	PACRA	A1+	AA	438,766,921	430,537,826
Khushali Microfinance Bank Limited	VIS	A2	A-	34,578,989	15,328,946
MCB Bank Limited	PACRA	A1+	AAA	1,105,886,845	577,923,162
Meezan Bank Limited	VIS	A1+	AAA	1,689,054	1,456,011
Mobilink Microfinance Bank Limited	PACRA	A1	A	35,733,791	47,707,921
National Bank of Pakistan	PACRA	A1+	AAA	1,285,215,411	1,231,274,596
NRSP Microfinance Bank Limited	PACRA	A2	A-	116,759,674	138,989,137
Sindh Bank Limited	VIS	A1+	AA-	87,842,394	162,671,544
Soneri Bank Limited	PACRA	A1+	AA-	602,987	5,707,955
Standard Chartered Bank Limited	PACRA	A1+	AAA	19,055,190	8,115,678
Easypaisa Bank Limited	PACRA	A1	A+	102,139,678	137,857,677
The Bank of Punjab	PACRA	A1+	AA+	594,731,876	312,245,986
U Microfinance Bank Limited	PACRA	A1	A+	304,472,365	74,961,789
United Bank Limited	VIS	A1+	AAA	9,388,301,560	8,936,001,266
				16,352,066,413	16,086,631,436

The Company has not recognized an impairment allowance on investments classified at amortized cost and bank balances during the year ended June 30, 2025, as the impact was immaterial.

49.2.5 Micro-credit loan and Murabaha portfolio

The key inputs into the measurement of expected credit losses are the term structure of the following variables:

- Probability of Default (PD);
- Loss Given Default (LGD);
- Exposure at Default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data.

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies for the different product portfolios with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations with forward looking factors. The Company measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) by product type. This is similar to the approach used for the purposes of measuring expected credit losses under IFRS 9.

The Company determines expected credit losses for loan portfolio using general approach. The expected credit losses on loan portfolio assets are determined using probabilistic estimation of future expected cash flows, adjusted for factors that are specific to the loan portfolios and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Expected Credit Loss Measurement

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information. The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime PD as at the reporting date;
- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Company uses three criteria for determining whether there has been a significant increase in credit risk:

- Quantitative test based on movement in days past due;
- Forbearance / restructuring status; and
- Multiple economic scenarios form the basis of determining the PD at initial recognition and at subsequent reporting dates.

To measure the expected credit losses, receivables are grouped based on shared credit risk characteristics (i.e. segmentation).

The expected loss rates are based on the payment profiles over a period of 6 months before June 30, 2025 and the corresponding historical credit losses experienced within this period. The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each segment. This means that the Company does not rely on a single economic forecast but instead considers a range of possible outcomes when estimating ECL. To incorporate forward-looking information, the Company considers key macroeconomic indicators that have historically influenced credit risk and default probabilities.

Definition of default

Critical to the determination of expected credit losses is the definition of default. The definition of default is used in measuring the amount of expected credit losses and in the determination of whether the loss allowance is based on 12-month or lifetime expected credit losses, as default is a component of the probability of default (PD) which affects both the measurement of expected credit losses and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- The contract is past due more than 90 days; or
- The credit obligations reflected in the contract is unlikely to be paid to the Company such as deceased borrowers.

Write-off

When periodic collective historical recovery analysis indicates that the Company does not expect significant additional recoveries after certain months in default ("MID"), it is the policy of the Company to write-off loans on a collective basis.

Amounts of financial assets that were written off during the reporting period amounted to Rs. 105.77 million (2024: Rs. 59.34 million million).

49.2.6 Other financial assets

Long term loans, deposits, and other receivables are mostly due from employees and financial institutions. The Company has assessed based on historical experience, that the expected credit loss associated with these financial assets is generally trivial. There are reasonable grounds to believe that these amounts will be recovered within a period of six months. Hence, no additional allowance has been recognized in these financial statements.

49.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial asset or such obligations which will have to be settled in a manner unfavorable to the Company. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as for as possible that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The following are the remaining contractual maturities of financial liabilities, including interest payments:

	2025			
	Carrying amount	Contractual Cash flows	Up to one year or less	More than one year
	Rupees			
Long term financing	40,499,894,198	40,499,894,198	18,090,759,798	22,409,134,400
Short term borrowing	258,602,580	258,602,580	258,602,580	-
Accrued mark-up	826,100,089	826,100,089	826,100,089	-
Trade and other payables	1,616,084,789	1,616,084,789	1,616,084,789	-
Lease liabilities	229,135,858	268,116,574	135,491,305	132,625,269
	43,429,817,514	43,468,798,230	20,927,038,561	22,541,759,669

	2024			
	Carrying amount	Contractual Cash flows	Up to one year or less	More than one year
	Rupees			
Long term financing	33,919,743,840	33,919,743,840	18,602,420,519	15,317,323,321
Short term borrowing	1,178,335,845	1,178,335,845	1,178,335,845	-
Accrued mark-up	916,123,694	916,123,694	916,123,694	-
Trade and other payables	1,939,987,095	1,939,987,095	1,939,987,095	-
Lease liabilities	190,111,881	236,884,970	111,882,657	125,002,313
	38,144,302,355	38,191,075,444	22,748,749,810	15,442,325,634

49.4 Market risk

Market risk is the risk that the value or cash flows of the financial instrument may fluctuate as a result of changes in market interest rates or the market prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The objective of the market risk management is to manage and control market risk exposures with acceptable parameters, while optimizing return. The Company is exposed to interest rate risk and currency risk only.

49.4.1 Currency risk

Currency risk is the risk that the fair value of a financial instrument will fluctuate due to change in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist as a result of transactions with foreign undertakings. The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which borrowings are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currencies in which these transactions are primarily denominated are US Dollars (USD), Great Britain Pound (GBP) and Euro.

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	Effective rate		Carrying amount	
	2025	2024	2025	2024
	%		Rupees	
Financial liabilities:				
Long term financing:	4.13 to 8.1	4.13	1,418,490,071	1,402,292,000
			1,418,490,071	1,402,292,000

Floating rate instruments

	Effective rate		Carrying amount	
	2025	2024	2025	2024
	%		Rupees	
Financial assets:				
Short term investment	17.81 to 24.00	19.03 to 25.22	1,079,429,895	1,278,867,480
Long term investment	10.16 to 11.89	20.44 to 22.90	861,303,824	507,620,068
			1,940,733,719	1,786,487,548

	Effective rate		Carrying amount	
	2025	2024	2025	2024
	%		Rupees	
Financial Liabilities:				
Long term financing	8.11 to 23.95	5.66 to 26.07	39,201,987,359	32,653,114,120
			39,201,987,359	32,653,114,120

Cash flow sensitivity analysis for floating rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) deficit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	100 bps change in interest rate	
Cash flow sensitivity analysis on floating rate financial liabilities	**Increase**	**Decrease**
	Rupees	**Rupees**
As at June 30, 2025	(392,019,874)	392,019,874
As at June 30, 2024	(326,531,141)	326,531,141

The sensitivity analysis prepared is not necessarily indicative of the effects on surplus for the year and assets / liabilities of the Company and does not take into account results of the Company's hedging activities.

49.4.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The financial instrument held by the Company does not trade on the stock exchange and has therefore, no correlation with the equity index of the stock exchange. Therefore, it is not possible to measure the impact of the change in equity index on the Company's deficit for the year.

49.5 Hedging activities and derivatives

Cash flow hedges

During the year, the Company has held foreign exchange forward contracts with commercial banks, designated as hedging instrument in cash flow hedges of expected future principal repayments of long term financing from foreign lenders. The currency forwards are being used to hedge the currency risk in respect of long-term financing as stated in note 24.1 to these financial statements.

The terms of the foreign exchange forward contracts match with the terms of the long term finances (i.e., notional amount and expected payment date). Therefore an economic relationship exists.

The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange contracts are identical to the hedged risk components.

The following potential sources of ineffectiveness are identified:

- The fair value of the hedging instrument on the hedge relationship designation date, if not zero;
- Differences in the timing, or changes to the forecasted amount, of the cashflows of the hedged items and the hedging instruments;
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items.

50 Fair value measurements of financial instruments

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.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements in fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly or indirectly (that is derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is unobservable) inputs (Level 3)

Transfer between levels of the fair value hierarchy is recognized at the end of the reporting period during which the changes have occurred.

50.1 Fair value of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	2025							
	Carrying amount				Fair value			
	At Amortized Cost	At Fair Value	Other non financial assets	Total	Level 1	Level 2	Level 3	Total
As at June 30, 2025	Rupees							
Financial assets - measured at fair value								
Short term investments	-	3,105,724,030	-	3,105,724,030	2,531,058,617	574,665,413	-	3,105,724,030
	-	3,105,724,030	-	3,105,724,030	2,531,058,617	574,665,413	-	3,105,724,030
Financial assets - not measured at fair value								
Long term investments	861,303,824	-	-	861,303,824	-	-	-	-
Long term loans	39,043,004	-	-	39,043,004	-	-	-	-
Long term deposits	151,654,100	-	-	151,654,100	-	-	-	-
Micro-credit loan portfolio	35,716,564,235	-	-	35,716,564,235	-	-	-	-
Kashf Murabaha	1,443,651,002	-	-	1,443,651,002	-	-	-	-
Accrued service charges	633,183,955	-	-	633,183,955	-	-	-	-
Advances, deposits and other receivables	342,336,210	-	-	342,336,210	-	-	-	-
Short term investments	4,580,968,783	-	-	4,580,968,783	-	-	-	-
Cash and bank balances	7,804,069,776	-	-	7,804,069,776	-	-	-	-
	51,572,774,889	-	-	51,572,774,889	-	-	-	-
Financial liabilities - not measured at fair value								
Long term financing	22,409,134,400	-	-	22,409,134,400	-	-	-	-
Current portion of long term financing	18,090,759,798	-	-	18,090,759,798	-	-	-	-
Short term borrowings	258,602,580	-	-	258,602,580	-	-	-	-
Accrued markup	826,100,089	-	-	826,100,089	-	-	-	-
Trade and other payables	1,616,084,789	-	-	1,616,084,789	-	-	-	-
Financial liabilities used for hedging	842,123,554	-	-	842,123,554	-	842,123,554	-	842,123,554
	44,042,805,210	-	-	44,042,805,210	-	842,123,554	-	842,123,554
Non Financial assets - measured at fair value								
Freehold land	-	-	1,299,500,000	1,299,500,000	-	1,299,500,000	-	1,299,500,000
	-	-	1,299,500,000	1,299,500,000	-	1,299,500,000	-	1,299,500,000

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	2024							
	Carrying amount				Fair value			
	At Amortized Cost	At Fair Value	Other non financial assets	Total	Level 1	Level 2	Level 3	Total
	Rupees							
As at June 30, 2024								
Financial assets - measured at fair value								
Short term investments	-	4,008,021,010	-	4,008,021,010	4,008,021,010	-	-	4,008,021,010
	-	4,008,021,010	-	4,008,021,010	4,008,021,010	-	-	4,008,021,010
Financial assets - not measured at fair value								
Long term investments	507,620,068	-	-	507,620,068	-	-	-	-
Long term loans	17,100,880	-	-	17,100,880	-	-	-	-
Long term deposits	152,151,700	-	-	152,151,700	-	-	-	-
Micro-credit loan portfolio	27,838,056,893	-	-	27,838,056,893	-	-	-	-
Kashf Murabaha	1,126,293,138	-	-	1,126,293,138	-	-	-	-
Accrued service charges	517,284,248	-	-	517,284,248	-	-	-	-
Advances, deposits and other receivables	362,627,405	-	-	362,627,405	-	-	-	-
Short term investments	2,856,467,924	-	-	2,856,467,924	-	-	-	-
Cash and bank balances	8,714,522,434	-	-	8,714,522,434	-	-	-	-
	42,092,124,690	-	-	42,092,124,690	-	-	-	-
Financial liabilities - measured at fair value								
Financial liabilities used for hedging	-	226,803,709	-	226,803,709	226,803,709	-	-	226,803,709
	-	226,803,709	-	226,803,709	226,803,709	-	-	226,803,709
Financial liabilities - not measured at fair value								
Long term financing	15,317,323,321	-	-	15,317,323,321	-	-	-	-
Current portion of long term financing	18,602,420,519	-	-	18,602,420,519	-	-	-	-
Short term borrowings	1,178,335,845	-	-	1,178,335,845	-	-	-	-
Accrued markup	916,123,694	-	-	916,123,694	-	-	-	-
Trade and other payables	1,939,987,095	-	-	1,939,987,095	-	-	-	-
	37,954,190,474	-	-	37,954,190,474	-	-	-	-
Non Financial assets - measured at fair value								
Freehold land	-	-	1,299,500,000	1,299,500,000	-	1,299,500,000	-	1,299,500,000
	-	-	1,299,500,000	1,299,500,000	-	1,299,500,000	-	1,299,500,000

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50.2 Valuation techniques used to determine level 2 and level 3 fair values

Derivative financial instruments

Level 2 fair value of derivative financial instruments has been derived using valuation techniques that include forward pricing and swap models using present value calculations. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.

Freehold land

Level 2 fair value of freehold land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per marla.

51 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as total borrowing (including related markup / interest) divided by total equity / capital employed.

	Note	2025	2024
		Rupees	
Total borrowings	24, 27 & 30	41,584,596,867	36,014,203,379
Less: Cash and bank balances	18	(7,812,241,564)	(8,720,866,086)
Net debt		33,772,355,303	27,293,337,293
Total equity / capital employed	19 - 23	11,748,192,636	9,255,829,225
Total capital		45,520,547,939	36,549,166,518
Gearing ratio		287.47%	294.88%

51.1 In accordance with the terms of agreements with the lenders of long term financing (as referred to in note 24 to these financial statements), the Company is required to comply with certain financial covenants.

At the minimum, the Company is required to comply with the following financial covenants:

- Gearing ratio should not be more than 4 times;
- Current ratio should be greater than or equal to 1 times;
- Interest coverage ratio should not fall below 1.1 times;
- Non performing loans ratio should be less than 5% ;
- Loan loss reserve to gross loans ratio should not fall below 5%;
- Operational sustainability ratio should be more than 100%;
- Liquid assets to total borrowing (net of cash and TDRs under Lien) should not be less than 10%;
- Portfolio quality (PAR>29 days to gross portfolio) should be less than 5%;
- Portfolio quality (PAR>30 days plus restructured loans to gross portfolio) should be less than 6%;
- Provision for loan loss reserve less write off to PAR >29 should be greater than 1;
- Adjusted debt service coverage ratio should be less than 5;
- Capital adequacy ratio (gross capital) should be more than 15%;
- Capital adequacy ratio (Tier 1) should be more than 15%;
- Open credit exposure ratio should be less than 10%;
- Write off ratio should be less than 3%;
- Related party lending ratio should be less than 10%;
- Cost to income ratio should be less than 80%;
- Aggregate un-hedged open foreign currency position should be between +15%/-15%;
- Liquidity coverage ratio should be more than 100%;
- Return on assets ratio should be greater than 0% ;
- Single group exposure position should be less than 20%;
- Agricultural sector exposure ratio should be less than 40%;
- Agricultural large exposure ratio should be less than 200%;
- Sovereign exposure ratio should be less than 22%;

- Return on average managed assets should not be less than 0%;
- Loan loss reserve to PAR>30 days plus restructured assets should be less than 70%;
- Loan loss reserve to PAR>90 days plus restructured assets should be less than 100%;
- Uncovered capital ratio should be less than 25%;
- Total net worth to total assets ratio should not be less than 15%;
- Open foreign exchange position position should be less than 50%;
- Exposure to government securities divided by total assets should be less than 5%;
- Solvency ratio (total equity to total assets) should not be less than 15%; and
- Open loan position (PAR>30 less loan loss reserve divided by total equity should be less than 10%

The Company has complied with these covenants throughout the reporting period except for one covenant in respect of which the lender "Finnish Fund For Industrial Cooperation Limited" required the Company to maintain aggregate un-hedged open foreign currency position between +15%/-15%, failing which the loan becomes repayable on demand. The Company's aggregate un-hedged open foreign currency position as on June 30, 2025 is 16% which does not meet the covenant requirement, thus the total loan amount of Rs. 2,270 million is classified as current.

There are no indications that the Company would have difficulties complying with the covenants when they will be next tested as at June 30, 2026.

52 Reconciliation of movements of liabilities to cash flows arising from financing activities.

	2025			
	Liabilities			
	Long term loans	**Short term borrowings**	**Lease liabilities**	**Total**
			Rupees	
Balance as at July 1, 2024	33,919,743,840	184,162,525	190,111,881	34,294,018,246
Changes from financing activities				
Transaction cost paid	(76,379,246)	-	-	(76,379,246)
Proceeds received against financing	21,157,621,638	503,990,000	-	21,661,611,638
Repayments of financing	(14,348,707,349)	(432,605,621)	-	(14,781,312,970)
Payment of lease liabilities	-	-	(121,411,714)	(121,411,714)
Total changes from financing cash flows	6,732,535,043	71,384,379	(121,411,714)	6,682,507,708
Other changes				
Transaction cost amortized	91,458,294	-	-	91,458,294
Translation Gain / (loss) on foreign currency loans	(243,842,979)	3,055,676	-	(240,787,303)
Interest expense on lease liabilities	-	-	33,896,381	33,896,381
Addition to lease liabilities	-	-	170,049,228	170,049,228
Adjustment in lease liabilities	-	-	-	-
Termination of lease liabilities	-	-	(43,509,918)	(43,509,918)
Total liability related other changes	(152,384,685)	3,055,676	160,435,691	11,106,682
Closing as at June 30, 2025	40,499,894,198	258,602,580	229,135,858	40,987,632,636

	2024			
	Liabilities			
	Long term loans	Short term borrowings	Lease liabilities	Total
			Rupees	
Balance as at July 1, 2023	32,245,925,275	437,716,757	106,805,405	32,790,447,437
Changes from financing activities				
Transaction cost paid	(81,026,064)	-	-	(81,026,064)
Proceeds received against financing	19,459,478,178	384,927,009	-	19,844,405,187
Repayments of financing	(12,833,514,414)	(640,479,111)	-	(13,473,993,525)
Payment of lease liabilities	-	-	(107,306,405)	(107,306,405)
Total changes from financing cash flows	6,544,937,700	(255,552,102)	(107,306,405)	6,182,079,193
Other changes				
Transaction cost amortized	91,862,203	-	-	91,862,203
Translation loss on foreign currency loans	(4,962,981,338)	1,997,870	-	(4,960,983,468)
Interest expense on lease liabilities	-	-	31,611,897	31,611,897
Addition to lease liabilities	-	-	178,030,829	178,030,829
Adjustment in lease liabilities	-	-	-	-
Termination of lease liabilities	-	-	(19,029,845)	(19,029,845)
Total liability related other changes	(4,871,119,135)	1,997,870	190,612,881	(4,678,508,384)
Closing as at June 30, 2024	33,919,743,840	184,162,525	190,111,881	34,294,018,246

53 Related party transactions

The Company's related parties comprises of Directors, key management personnel, associated companies, company in which Directors are interested and employee provident fund. Amount due from and to related parties are shown in respective notes. Remuneration of key management personnel is disclosed in note 46. Transactions with related parties during the year other than those which have been disclosed elsewhere in these financial statements are as follows;

Name of parties and basis of relationship with the Company	Nature of transaction	2025	2024
		Rupees	
Kashf Foundation Provident Fund Trust	Contribution	366,678,523	444,003,378
Roshaney Zafar - Chief Executive Officer	Donation Received	500,000	-

54 Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant re-arrangements have been made.

55 Events after the end of reporting date

There are no material subsequent events at the reporting date.

56 Date of authorization for issue

These financial statements were approved by the Company's Board of Directors and authorized for issue on October 6, 2025.

Chief Executive Officer

Chief Financial Officer

Director