THARDEEP MICROFINANCE FOUNDATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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Independent Auditor's Report
To the members of Thardeep Microfinance Foundation
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Thardeep Microfinance Foundation (the Company)** which comprise the statement of financial position as at June 30, 2024 and statement of income and expenditure and statements of other comprehensive income, the statement of changes in funds, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, income and expenditure statement and other comprehensive income, the statement of changes in funds, the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of deficit and other comprehensive deficit, the changes in funds and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 Report Thereon

The 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 report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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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

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- 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 profit or loss and other comprehensive income, the statement of changes in equity 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 Imran Shaikh.

Crowe Hussain Chaudhury & Co.
Chartered Accountants

Place: Karachi

Date: 21 NOV 2024

UDIN: AR2024102071rg4kwUTo

THARDEEP MICROFINANCE FOUNDATION
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024	2023
		---------- RUPEES	----------
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	**144,927,008**	88,009,397
Intangible asset	7	**13,753,865**	6,113,368
Investment property	8	**1,500,000**	424,192
Long term microfinance loan - net	9	**340,519,130**	334,195,332
Margin against guarantee	10	**390,100,000**	-
Long term loans and deposits	11	**3,823,614**	12,649,212
		894,623,617	441,391,501
CURRENT ASSETS			
Short term investments	12	**1,385,079,764**	1,146,662,887
Inventory	16	**4,169,500**	2,028,000
Microfinance loan - net	17	**2,245,864,418**	3,164,534,873
Accrued markup	13	**1,025,047,424**	882,208,373
Other receivables	14	**8,616,275**	1,685,300
Advances, deposits and prepayments	15	**21,764,389**	26,566,647
Tax refund due from government	18	**91,361,381**	88,138,682
Cash and bank balances	19	**409,909,519**	638,864,634
		5,191,812,670	5,950,689,396
TOTAL ASSETS		**6,086,436,287**	6,392,080,897
LIABILITIES AND FUNDS			
NON CURRENT LIABILITIES			
Deferred capital grant	20	-	-
Deferred liabilities	21	**140,498,796**	115,076,914
Sub-ordinated loan	22	**400,000,000**	400,000,000
Long term loans	23	**2,171,642,667**	2,472,300,212
Lease liabilities	24	**14,497,093**	30,341,594
		2,726,638,556	3,017,718,720
CURRENT LIABILITIES			
Short term borrowings	25	**1,329,226,344**	1,338,782,206
Current portion of lease liabilities	24	**25,751,664**	34,335,553
Current portion of long-term loans	26	**1,446,266,667**	1,296,092,489
Accrued mark-up	27	**279,996,380**	257,491,726
Other liabilities	28	**96,390,528**	93,298,169
		3,177,631,583	3,020,000,143
TOTAL LIABILITIES		**5,904,270,139**	6,037,718,863
FUNDS REPRESENTED BY			
Reserves arising upon demerger		**165,281,109**	165,281,109
Loan loss reserve	29	**90,538,524**	90,538,524
Members contribution		**300,000**	300,000
Special loss reserve		**967,842**	967,842
Revaluation surplus		**72,571,831**	-
Accumulated (deficit) / surplus		**(147,493,158)**	97,274,559
		182,166,148	354,362,034
TOTAL LIABILITIES AND FUNDS		**6,086,436,287**	6,392,080,897

Contingencies and commitments 30

The annexed notes from 1 to 50 form an integral part of these financial statements.

DIRECTOR **CHIEF EXECUTIVE OFFICER**

THARDEEP MICROFINANCE FOUNDATION
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		---------- RUPEES	----------
Financial income	31	**1,143,581,266**	1,258,730,887
Financial charges	32	**(1,164,098,696)**	(914,441,035)
Gross financial margin		**(20,517,430)**	344,289,852
Credit Loss Allowance	33	**(48,703,560)**	(108,983,042)
Gross operating margin		**(69,220,990)**	235,306,810
Micro finance programme and operating expenses	34	**(370,985,287)**	(452,803,326)
Administrative expenses	35	**(147,001,459)**	(186,647,147)
Amortization of deferred grant	20	**-**	141,956
Other expenses	36	**-**	(21,250,000)
Other income	37	**331,303,134**	291,975,181
Deficit before taxation		**(255,904,602)**	(133,276,526)
Taxation		**-**	-
Net deficit for the year		**(255,904,602)**	(133,276,526)

The annexed notes from 1 to 50 form an integral part of these financial statements.

DIRECTOR **CHIEF EXECUTIVE OFFICER**

THARDEEP MICROFINANCE FOUNDATION
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	---------- RUPEES	----------
Net deficit for the year	**(255,904,602)**	(133,276,526)
Other comprehensive surplus / (deficit)		
Items that will not be reclassified to income and expenditure statement subsequently		
Surplus on revaluation of property and equipment	**72,600,361**	-
Actuarial gain / (loss) on remeasurement of post employment benefit plans	**19,764,296**	(2,539,404)
Total comprehensive deficit for the year	**(163,539,945)**	(135,815,930)

The annexed notes from 1 to 50 form an integral part of these financial statements.

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DIRECTOR **CHIEF EXECUTIVE OFFICER**

THARDEEP MICROFINANCE FOUNDATION
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CHANGES IN FUNDS
AS AT JUNE 30, 2024

	Capital Reserve					Revenue Reserve	
	Reserves arised upon demerger	**Members contribution**	**Loan loss reserve**	**Special reserve**	**Revaluation Surplus**	**Accumulated surplus**	**Total**
	---------- RUPEES ----------						
Balance as at June 30, 2022	165,281,109	300,000	90,538,524	967,842	-	233,090,489	490,177,964
Total comprehensive surplus for the year							
Net deficit for the year	-	-	-	-	-	(133,276,526)	(133,276,526)
Revaluation of Assets	-	-	-	-	-	-	-
Other comprehensive surplus	-	-	-	-	-	-	-
Actuarial loss on remeasurement of post	-	-	-	-	-	-	-
employment benefit plans	-	-	-	-	-	(2,539,404)	(2,539,404)
	-	-	-	-	-	(135,815,930)	(135,815,930)
Balance as at June 30, 2023	165,281,109	300,000	90,538,524	967,842	-	97,274,559	354,362,034
Change in accounting policy as at July 01, 2023 - note 5.1.3	-	-	-	-	-	(8,655,941)	(8,655,941)
Balance as at July 01, 2023 - as restated	165,281,109	300,000	90,538,524	967,842	-	88,618,619	345,706,094
Total comprehensive surplus for the year							
Net deficit for the year	-	-	-	-	-	**(255,904,602)**	**(255,904,602)**
Revaluation of Assets	-	-	-	-	**72,600,361**	**-**	**72,600,361**
Transfer on account of incremental depreciation	-	-	-	-	**(28,530)**	**28,530**	**-**
Actuarial gain on remeasurement of post employment benefit plans	-	-	-	-	-	**19,764,296**	**19,764,296**
	-	-	-	-	**72,571,831**	**(236,111,776)**	**(163,539,945)**
Balance as at June 30, 2024	**165,281,109**	**300,000**	**90,538,524**	**967,842**	**72,571,831**	**(147,493,158)**	**182,166,149**

DIRECTOR

CHIEF EXECUTIVE OFFICER

THARDEEP MICROFINANCE FOUNDATION
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		---------- RUPEES ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit before tax		**(255,904,602)**	(133,276,527)
Adjustments for items not involving movement of funds:			
Depreciation	6	**28,923,762**	36,226,833
Amortization of deferred capital grant		**-**	(141,956)
Gain on sale of property and equipment	37	**(4,614,221)**	(209,302)
Credit loss allowance against accrued markup	33	**48,703,560**	108,983,042
Provision against gratuity	39.2.4	**32,618,525**	24,398,612
Amortization of deferred income		**(4,555,860)**	-
Financial charges	32	**1,164,098,696**	914,441,035
Liabilities written back		**(8,782,207)**	-
Fair value gain on investment property	37	**(1,075,808)**	-
Realised exchange gain on foreign currency loan - net		**-**	(23,441,254)
Realised loss on derivative financial instrument - net		**-**	21,250,000
Surplus before working capital changes		**999,411,845**	948,230,483
(Increase) / decrease in current assets			
Advances, deposits and prepayments		**4,802,258**	(8,420,688)
Inventory		**(2,141,500)**	(2,028,000)
Accrued markup		**(207,714,788)**	(136,860,234)
Other receivable		**(6,930,975)**	50,595,327
		(211,985,005)	(96,713,595)
(Decrease) / increase in current liabilities			
Other liabilities		**3,092,359**	(3,589,239)
Cash generated from operating activities		**790,519,199**	847,927,649
Loans - disbursed		**(1,953,705,406)**	(3,531,046,423)
Loans - recovered		**2,873,568,298**	3,482,525,843
		919,862,892	(48,520,580)
Tax paid		**(3,222,699)**	(23,297,834)
Gratuity paid		**(18,702,556)**	(13,259,135)
Net cash generated from operating activities		**1,688,456,836**	762,850,100
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in fixed assets		**(10,400,422)**	(3,780,975)
Proceeds from disposal of property and equipment		**2,929,639**	307,716
Long term advances and deposits		**8,825,598**	(1,354,231)
Short term investments purchased		**(1,385,079,764)**	(20,841,288)
Short term investments matured		**1,146,662,887**	-
Net cash used in investing activities		**(237,062,062)**	(25,668,778)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans received		**1,582,592,025**	1,710,000,000
Long term loans paid		**(1,695,781,588)**	(1,173,508,367)
Settlement against loan repaid		**-**	(51,770,000)
Repayment of lease liabilities		**(33,224,893)**	(27,753,895)
Margin against guarantee paid		**(390,100,000)**	-
Long term advances		**(6,935,376)**	3,578,644
Financial charges paid		**(1,136,126,401)**	(816,428,109)
Net cash used in financing activities		**(1,679,576,233)**	(355,881,727)
Net decrease in cash and cash equivalents		**(228,181,459)**	381,299,595
Cash and cash equivalents at beginning of the year		**(691,135,366)**	(1,072,434,961)
Cash and cash equivalents at the end of the year	38	**(919,316,825)**	(691,135,366)

The annexed notes from 1 to 50 form an integral part of these financial statements.

DIRECTOR **CHIEF EXECUTIVE OFFICER**

THARDEEP MICROFINANCE FOUNDATION
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 NATURE AND STATUS OF THE COMPANY

Thardeep Rural Development Programme (TRDP) demerged its Micro Credit and Enterprise Development Unit and incorporated a separate entity namely Thardeep Microfinance Foundation (the Company) on October 06, 2016 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017).

The Company was granted a license by the Securities and Exchange Commission of Pakistan (SECP) under Section 42 of the Companies Act, 2017 on September 02, 2016 as the Company limited by guarantee and not having share capital.

On November 21, 2016, the SECP granted license to the Company to carry out Investment Finance Services as Non-Banking Finance Company (NBFC) under Rule 5 of the NBFC (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The principal activity of the Company is to mobilize funds for provision of microfinance services to poor persons, particularly, poor women for mitigating poverty and promoting social welfare and economic justice through community building and social mobilization with the ultimate objective of poverty alleviation.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated near old Naka, Naukot Road, Mithi, Tharparkar, Sindh, Pakistan. The geographical area of the Company is spread over the 19 districts of Sindh including Hyderabad, Tando Allahyar, Tharparker, Badin, Umerkot, Dadu, Jamshoro, Mirpurkhas, Sanghar, Shaheed Banazir Abad, Nowshero Feroz, Sujawal, Khairpur, Tando Mohammad Khan, Sukkar, Mitayari, Thatta, Qambar Shahdadkot and Larkana for its operations. The Company has 4 regions, Tharparkar, Mirpurkhas, Hyderabad & Sukkur and 17 area offices and 83 branches.

The regional offices of the Company are located at following addresses:

- Banglow no. 21, Block - B, Sohail Town, Mirpurkhas, Sindh, Pakistan,
- Nead Old Naka, Naukot Road Mithi, Sindh, Pakistan,
- A-206 (Suehs Jamshoro Society Phase-1 Near Regional Passport Office Jamshoro, Sindh, Pakistan, and
- Banglow No A/B 56 Hamdard Society Airport Road Sukkur, Sindh, Pakistan respectively.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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 as notified under the Companies Act, 2017;
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), and
- Provisions of and directives issued under the Companies Act, 2017

Where provisions of and directives issued under the Companies Act, 2017, the NBFC Rules and the NBFC Regulations and accounting standards for NPO differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, the NBFC Rules and the NBFC Regulations and accounting standards for NPO have been followed.

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3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, unless otherwise stated. These financial statements are prepared following accrual basis of accounting except for cash flow information.

3.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

4.1 Standards, amendments and interpretations to the published standards that are relevant to the Company and adopted in the current year

As directed by SECP via vide S.R.O 1827 (1)/2022 dated september 29, 2022 IFRS 9, Financial Instruments is effective in Pakistan on non-banking financial company (NBFC) for periods beginning on or after June 30, 2024.

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

Standard or Interpretation	Effective date (annual periods beginning on or after)
- IAS 1 - Presentation of Financial Statements (Amendments)	January 01, 2024
- IAS 7 - Statement of Cash Flows (Amendments)	January 01, 2024
- IFRS 16 - Leases (Amendments)	January 01, 2024
- IAS 21 - The Effects of changes in Foreign Exchange Rates (Amendments)	January 01, 2025
- IFRS 7 - Financial Instruments: Disclosures (Amendments)	January 01, 2026
- IFRS 17 - Insurance Contracts	January 01, 2026

The above standards and amendments are not expected to have any material impact on the company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

-IFRS 1 - First-time Adoption of International Financial Reporting Standards
-IFRIC 12 - Service Concession Arrangement
-IFRS 18 - Presentation and Disclosures in Financial Statements
-IFRS 19 - Subsidiaries without Public Accountability: Disclosures
-IFRS 17 Insurance Contracts

5 MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below.

5.1 Impact of IFRS 9 - Financial Instruments

The Company has adopted IFRS 9 in accordance with the Application Instructions from July 01, 2023, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period and the differences in carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in accumulated surplus as at July 01, 2023, as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9.

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5.1.1 Financial assets

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. These are derecognized when the Company ceases to be the party to the contractual provisions of the instrument.

Classification of Financial Assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial assets at its fair value plus transaction costs. Financial assets are classified at initial recognition as amortized cost.

Classification of other Financial Assets

Financial Assets other than equity will be classified based on their cash flow characteristics and business model assessment:

Amortised Cost: These will be classified as amortised cost if the objective is to hold the asset only for collecting contractual cash flows (principal and interest).

FVOCI: These will be classified at FVOCI when the objective is to collect contractual cash flows (principal and interest) and also to potentially sell the same depending on market conditions. Any unrealized profit or loss on debt instruments classified as FVOCI is reflected in other comprehensive income and is recycled through the profit and loss account when the investment is sold.

FVTPL: This includes financial assets: which do not have a fixed maturity; or which are not classified as either at amortised cost or at FVOCI.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

At initial recognition, the Company recognizes a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent Measurement

Equity and debt securities classified as FVTPL

These securities, other than unlisted equity securities, are subsequently measured at fair value. Changes in the fair value of these securities are taken to the profit and loss account.

Changes in the value of unlisted equity securities, carried at the lower of cost or breakup value, are taken to the profit and loss account.

Equity and debt securities classified as FVOCI

These securities, other than unlisted equity securities, are subsequently measured at fair value. Changes in the fair value of these securities are recorded in OCI. When a debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit and loss account. When an equity security is derecognised, gains and losses previously recognised in OCI are not recycled through the profit and loss account but are transferred directly to retained earnings.

Changes in the value of unlisted equity securities, carried out at the lower of cost or breakup value, are recorded in OCI. When these are derecognised, gains and losses are not recycled through the profit and loss account but are transferred directly to retained earnings.

Other financial assets classified at amortised cost

Other financial assets initially classified at amortised cost continue to be subsequently measured at amortised cost.

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Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. 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 recognized in statement of income and expenditure.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for financial instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For other receivables, advances, deposit and prepayments and long term loans and deposits, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are past due. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to set-off the recognised amounts and the Company intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

5.1.2 Classification of Financial Liabilities

Financial liabilities are either classified at FVTPL, when they are held for trading purposes, or at amortised cost. Financial liabilities classified as FVTPL are measured at fair value.

Financial liabilities classified at amortised cost are initially recorded at fair value and subsequently measured using the effective interest rate method.

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities measured at amortized cost, net of directly attributable transaction costs.

The Company's financial liabilities include loans, accrued mark-up and other payables.

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Subsequent measurement

Financial liabilities at amortized cost are subsequently measured at amortized cost. Whereas, financial liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in statement of comprehensive income. Currently, there are no financial liabilities designated at FVTPL.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

5.1.3 Transition disclosures

This note sets out the impact of adopting IFRS 9 on the statement of financial position and accumulated surplus. The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on July 01, 2023:

			Calculation under IFRS 09			
Financial Assets / Liabilities	**Previous classification**	**Classification under IFRS 9**	**Carrying amount as of July 01, 2023**	**Change in classification**	**ECL**	**Carrying amount as of July 01, 2023**
			RUPEES			
Microfinance loan - net	Amortised Cost	Amortised Cost	3,498,730,205	-	27,920,262	3,526,650,467
Long term loans and deposits	Amortised Cost	Amortised Cost	12,649,212	-	-	12,649,212
Short term investments	Amortised Cost	Amortised Cost	1,146,662,887	-	-	1,146,662,887
Accrued markup	Amortised Cost	Amortised Cost	882,208,373	-	(36,576,202)	845,632,171
Other receivables	Amortised Cost	Amortised Cost	2,375,184	-	-	2,375,184
Advances, deposits and prepayments	Amortised Cost	Amortised Cost	26,566,647	-	-	26,566,647
Cash and bank balances	Amortised Cost	Amortised Cost	638,864,634	-	-	638,864,634
Total Financial Assets			6,208,057,142	-	(8,655,941)	6,199,401,202
Sub-ordinated loan	Amortised Cost	Amortised Cost	400,000,000	-	-	400,000,000
Deferred liabilities	Amortised Cost	Amortised Cost	115,076,914	-	-	115,076,914
Long term loans	Amortised Cost	Amortised Cost	3,768,392,701	-	-	3,768,392,701
Lease liabilities	Amortised Cost	Amortised Cost	64,677,147	-	-	64,677,147
Short term borrowings	Amortised Cost	Amortised Cost	1,338,782,206	-	-	1,338,782,206
Accrued mark-up	Amortised Cost	Amortised Cost	258,181,610	-	-	258,181,610
Other liabilities	Amortised Cost	Amortised Cost	93,298,169	-	-	93,298,169
Total Financial Liabilities			6,038,408,747	-	-	6,038,408,747
Net Financial Assets			169,648,395	-	(8,655,941)	160,992,455
Net Non Financial Assets			184,713,639	-	-	184,713,639
Total Net assets			354,362,034	-	(8,655,941)	345,706,094

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5.2 Property and equipment

a) Owned

Property and equipment except for free hold land, building on freehold land and vehicles are stated at cost less accumulated depreciation and impairment losses, if any. Free hold land is stated at revalued amount and building on freehold land and vehicles are stated at revalued amount less accumulated depreciation. Depreciation is charge to statement of income and expenditure applying the straight-line method over the estimated useful life of the assets as stated in note 6.

During the year, the Company changed its accounting policy for freehold land, building on freehold land and vehicles from cost model to revaulation model. The effect of a change in accounting policy is accounted for prospectively, as retrospective application is impractical.

Depreciation in respect of additions and disposals made during the year is charged from the month of acquisition and up to the month preceding the month of disposals.

The surplus on revaluation of property and equipment of the related assets is transferred by the Company to its accumulated surplus on the sale of the relevant asset.

Subsequent costs are included in the property and equipment's carrying amount or recognized as a separate item of property and equipment, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account during the financial year in which they are incurred.

Gains and losses on disposal of property and equipment are taken to the statement of income and expenditure.

b) Right of use assets

The right of use asset is measured at cost, as the amount equal to initially measured lease liability adjusted for lease payments made at or before the commencement date, initial direct cost incurred less any lease incentives received.

The right of use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

5.3 Intangible asset

An intangible asset is stated at cost less accumulated amortisation and impairment loss, if any. Amortisation is charged to statement of income and expenditure applying the straight line method over the useful life of the asset. Amortisation is charged on additions during the year from the month in which the asset is acquired and in respect of disposals during the year upto the month in which the asset is disposed off.

Cost associated with maintaining intangible assets are recognised as an expense as and when incurred.

Gains and losses if any, on disposal of intangible assets are included in statement of income and expenditure.

5.4 Investment property

Investment property is property accounted for under IAS 40 'Investment Properties' (held to earn rentals or for capital appreciation). The investment property of the Company comprises of freehold land and is valued using the revaluation method i.e. at fair value model.

Subsequent to initial recognition, investment property measured at fair value. The changes in fair value recognised in the statement of profit or loss. Any other investment property (whose fair value cannot be measured reliably) is measured at cost less accumulated depreciation and any impairment loss.

The fair value of investment property is determined at the end of each year using current market prices for comparable real estate, adjusted for any differences in nature, location and condition.

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5.5 Impairment of non financial assets

The carrying amount of the Company's non financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognized as expense in the statement of income and expenditure.

5.6 Loan loss reserve

Loan loss reserve was created on outstanding loan portfolio at the rate of 5% of gross loan portfolio in TRDP - Micro Credit and Enterprise Development Unit which was transferred to the Company upon demerger of TRDP - Micro Credit and Enterprise Development Unit from erstwhile TRDP.

5.7 Outstanding loan portfolio

Lending policy for loans to beneficiaries is in accordance with the objectives of the Company. In view of the nature of the lending, the loans are un-secured as security against loans cannot be obtained. Loans lending to beneficiaries ranges from Rs. 10,000 to Rs. 1,500,000. Loans to beneficiaries are stated net of credit loss allowance. As at the reporting date, credit loss allowance has been computed as per requirement of IFRS 9, financial instruments applicable to Non-Bank Microfinance Company. The Company has charged credit loss allowance to the statement of income and expenditure. Write off against provision are recorded for loans overdue for 365 days or more and not recovered upto the date of signed off of the financial statements.

5.8 Borrowings

Borrowings are recognised initially at fair value net of transaction cost incurred. Borrowing cost are subsequently carried at amortised cost. Any difference between the proceeds received net of transaction cost and the financial liability is recognised in the statement of income and expenditure over the period of the borrowings using the effective interest method.

Finance cost are accounted for on accrual basis and are shown as interest/markup accrued to the extent of the amount remaining unpaid.

Short term borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

5.9 Creditors, accrued and other liabilities

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

5.10 Provisions

A provision is recognized in the statement of financial position when the Company has a present, legal or constructive obligation 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 amount of that obligation can be measured reliably. Provision are not recognised for future operating losses. Provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

5.11 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which 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 and possible 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.

5.12 Taxation

The Company is registered with the income tax authorities as not-for-profit organisation under section 2(36) (c) of the Income Tax Ordinance, 2001 and Rule 212 and 220 of the Income Tax Rules, 2002. The Company does not account for taxation, as NPOs are allowed a tax credit equal to one hundred percent (100%) of the tax payable including minimum tax and final tax payable, under section 100C of the Income Tax Ordinance, 2001, if it meet the conditions placed in.

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5.13 Use of critical accounting estimates and judgments

Presentation of these financial statements in conformity with accounting and reporting standards applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditures.

The estimates and associated assumptions are based on historical experience, industry trends, legal and technical pronouncements and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments and 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. Revisions to accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the use of management estimates in these financial statements are as follows:

- depreciation method, useful lives and residual values of property, plant and equipment (notes 5.2 and 6);
- depreciation method, useful lives and residual values of right of use asset (notes 5.2 and 6);
- amortization of intangibles (notes 5.3 and 7);
- expected credit loss allowance on financial assets (notes 5.1.1, 16.4 and 33);
- employee benefit obligations (notes 5.19 and 39);
- taxation (note 5.12);
- deferred capital grant (note 5.15 and 20);
- contingencies (notes 5.11 and 30);

Assumptions and judgements made by management in application of accounting policies that have significant effect on the financial statements are not expected to result in material judgement to the carrying amounts of assets and liabilities in the next year.

5.14 Revenue recognition

Financial income is recognized on accrual / time proportion basis using effective interest rate.

Insurance processing fee is recorded on accrual / time proportion basis.

Microfinance loans written off and subsequently recovered are recorded in the statement of income and expenditure on receipt basis.

Profit on bank deposits and term deposit receipts is recognized on accrual / time proportion basis using effective interest rate.

5.15 Deferred grant

Donations received in cash are recognized as income over the periods necessary to match them with the related costs or on a systematic basis. Donations for purchase of property and equipment and donation received in kind are taken to deferred grant. Funding for property and equipment to be utilised are deferred and amortised over the estimated useful lives of assets.

5.16 Cash and cash equivalents

Cash and cash equivalents comprise of cash, cheques in hand and balances with banks, overdrafts and on borrowing payable on demand.

5.17 Cash and bank balances

Cash in hand and at banks are carried at amortised cost.

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5.18 Lease liability

The lease liability is measured upon initial recognition at the present value of the future lease payments over the lease term and discounted with incremental borrowing rate.

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

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 income and expenditure statement if the carrying amount of the right of use asset has been reduced to zero.

5.19 Post-employment benefits

5.19.1 Employees benefits

The Company's employees benefits comprise of provident fund, gratuity scheme, compensated absences and medical benefits for eligible employees.

5.19.2 Gratuity

The Company has an unfunded gratuity scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. Contributions to the fund are made based on actuarial method. The remeasurement gains / losses as per actuarial valuation are recognised immediately in other comprehensive income and all other expenses are recognised in accordance with IAS 19 "Employee Benefits" in the statement of income and expenditure.

5.19.3 Compensated absences

The Company provides a facility to its employees for accumulating their annual earned leaves. Under the unfunded scheme employees are entitled for 30 days privilege leaves for each completed year of service with accumulating maximum limit of 90 days. Provisions are made to cover the obligation under the scheme and are charged to statement of income and expenditure.

5.19.4 Provident fund

The Company has a Provident Fund scheme for all its permanent employees who attain the minimum qualification period for entitlement to the scheme. The Company contributes provident fund scheme for all its permanent employees. Equal monthly contributions, both by the Company and the employees are made, at the rate of 10% of the basic salary. Obligation for contributions to defined contribution plan by the Company is recognised as an expense in the statement of income and expenditure.

	Unaudited 2024	Unaudited 2023
	(Rupees)	
Details of Provident Fund		
Size of the fund	**102,939,076**	94,142,438
Interest receivable	**911,781**	-
Receivabale from related party	**85,000,000**	5,000,000
Bank balance	**17,109,295**	89,188,438
Accrued and other liabilities	**(82,000)**	(46,000)

5.19.5 Medical benefits

The Company maintains a group insurance policy (life) for its entitled employees. The Company contributes premium to the policy annually. Such premium is recognised as an expense in the statement of income and expenditure in the period on accrual basis.

5.20 Transactions with related parties

Transactions with connected persons are carried in the normal course of business, at contracted rates and terms determined in accordance with market rates.

5.21 Derivative financial instruments

The Company enters into derivative financial instruments. The derivatives that do not qualify for hedge accounting are recognized in the statement of financial position at fair value with corresponding effect in statement of income and expenditure. Derivatives are recognised initially 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.

5.22 Foreign currency translation

Transactions in foreign currencies are converted into functional currency (PKR) at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into functional currency at the rates of exchange prevailing at each reporting period. Exchange gains and losses are recognised in the statement of income and expenditure.

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6 PROPERTY AND EQUIPMENT

Description	Owned						Total Owned	Right of use assets		Total Right of use assets	Total assets
	Free hold land (Note 6.1)	Building on free hold land	Furniture and fixtures	Office equipments	Computer	Vehicles		Vehicles	Building		
	RUPEES										
Year ended June 30, 2024											
Net carrying value basis											
Opening net book value (NBV)	678,708	204,268	25,644,150	1,991,353	2,526,116	169,214	31,213,809	740,400	56,055,188	56,795,588	88,009,397
Additions (at cost)	-	-	-	2,759,925	-	-	2,759,925	-	16,386,954	16,386,954	19,146,879
Revaluation surplus	1,561,292	459,104	-	-	-	70,579,965	72,600,361	-		-	72,600,361
Impact of modification of lease	-	-	-	-	-	-	-	-	(50,777)	(50,777)	(50,777)
Disposals (NBV)	-	-	-	-	-	-	-	(1)	(5,855,089)	(5,855,090)	(5,855,090)
Transfer from right of use assets into owned		-	-	-	-	35	35	(35)	-	(35)	-
Depreciation charge	-	(70,076)	(4,841,793)	(1,815,805)	(1,118,279)	(16,567)	(7,862,520)	(740,364)	(20,320,878)	(21,061,242)	(28,923,762)
Closing net book value	2,240,000	593,296	20,802,357	2,935,473	1,407,837	70,732,647	98,711,610	-	46,215,398	46,215,398	144,927,008
Gross carrying value basis											
Cost / Revalued amount	2,240,000	978,888	49,852,337	27,464,792	24,838,137	71,574,114	176,948,268	-	141,241,152	141,241,152	318,189,420
Accumulated depreciation	-	(385,592)	(29,049,980)	(24,529,319)	(23,430,300)	(841,467)	(78,236,658)	-	(95,025,754)	(95,025,754)	(173,262,412)
Net book value	2,240,000	593,296	20,802,357	2,935,473	1,407,837	70,732,647	98,711,610	-	46,215,398	46,215,398	144,927,008
Year ended June 30, 2023											
Net carrying value basis											
Opening net book value (NBV)	678,708	-	30,124,966	4,904,523	545,376	185,781	36,439,354	6,923,162	55,077,621	62,000,783	98,440,137
Additions (at cost)	-	207,730	552,970	89,250	2,931,025	-	3,780,975	-	21,935,703	21,935,703	25,716,678
Impact of modification of lease	-	-	-	-	-	-	-	177,829	-	177,829	177,829
Disposals (NBV)	-	-	(98,414)	-	-	-	(98,414)	-	-	-	(98,414)
Depreciation charge	-	(3,462)	(4,935,372)	(3,002,420)	(950,285)	(16,567)	(8,908,106)	(6,360,591)	(20,958,136)	(27,318,727)	(36,226,833)
Revaluation surplus		-	-	-	-		-	-	-	-	-
Closing net book value	678,708	204,268	25,644,150	1,991,353	2,526,116	169,214	31,213,809	740,400	56,055,188	56,795,588	88,009,397
Gross carrying value basis											
Cost	678,708	519,784	49,852,337	24,704,867	24,838,137	994,114	101,587,947	40,239,696	124,904,975	165,144,671	266,732,618
Accumulated depreciation	-	(315,516)	(24,208,187)	(22,713,514)	(22,312,021)	(824,900)	(70,374,138)	(39,499,296)	(68,849,787)	(108,349,083)	(178,723,221)
Net book value	678,708	204,268	25,644,150	1,991,353	2,526,116	169,214	31,213,809	740,400	56,055,188	56,795,588	88,009,397
Depreciation rate % per annum		20%	10%	20%	33%	20%		20%	20% - 33 %		

6.1 This freehold land of 3,200 square feet is located at Khosa Mohallah, beside Rind house, Malkani Pump Road, Umerkot, Sindh, Pakistan.

6.2 During the year, the Company changes its accounting policy from cost model to fair value model for freehold land, building on freehold land and vehicle. The effect of change in accounting policy has been accounted for prospectively. The Company engage M/S perfect consultant , an independent valuer to carry out revaluation of building on freehold land and owned vehicles. The forsed sale value of freehold land, building on freehold land and vehicles is Rs: 1.904 million, Rs: 0.537 million and Rs: 64.295 million respectively.

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		Note	2024	2023
			RUPEES	
7	**INTANGIBLE ASSET**			
	Microsoft 360 License	7.1	-	-
	Capital work in process		**13,753,865**	6,113,368
7.1	**Gross carrying value basis**			
	Cost		**567,242**	567,242
	Accumulated amortization		**(567,242)**	(567,242)
	Closing net book value		-	-
7.2	**Movement in capital work in process**			
	Opening balance		**6,113,368**	-
	Additions during the year		**7,640,497**	6,113,368
	Closing balance		**13,753,865**	6,113,368
8	**INVESTMENT PROPERTY**			
	Freehold land	8.1	**1,500,000**	424,192

8.1 This freehold land of 2000 square feet is located at Khosa Mohallah, Beside Rind House, Malkani Petrol Pump Road, Umerkot, Sindh, Pakistan.

		Note	2024	2023
			RUPEES	
9	**LONG TERM MICROFINANCE LOAN-NET**			
	Microfinance loan	17	**340,519,130**	334,195,332
10	**MARGIN AGAINST GUARANTEE**			
	Margin against guarantee	10.1	**390,100,000**	-

10.1 It represent 100% margin paid against guarantee issued in connection with a long-term loan obtained from the State Bank of Pakistan. The guarantee carries a markup rate of 16% per annum, and the maturity date of the guarantee is October 27, 2027.

		Note	2024	2023
			RUPEES	
11	**LONG TERM LOANS AND DEPOSITS**			
	Unsecured - considered good			
	Loans to employees	11.1	**13,083,526**	17,453,268
	Less: current portion shown under current assets	15	**(9,259,912)**	(10,540,356)
			3,823,614	6,912,912
	Deposits against leases		-	5,736,300
			3,823,614	12,649,212

11.1 These loans are granted to employees of the Company and carry mark-up at the rate of 4% per annum and deductible in twenty four monthly installments against the salaries of the employees.

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12 SHORT TERM INVESTMENTS

	Note	2024	2023
		RUPEES	
Term deposit receipts - at amortized cost			
Habib Bank Limited	12.1 & 12.4	**679,079,764**	746,662,887
MCB Bank Limited	12.2 & 12.4	**400,000,000**	400,000,000
The Bank of Punjab	12.3 & 12.4	**306,000,000**	-
		1,385,079,764	1,146,662,887

12.1 These represent short term placements in term deposit receipts (TDRs) carry mark-up rates ranging from 16.5% to 22.25% (2023: 7.25% to 21.75%) per annum. These TDRs have maximum maturity upto June 29, 2025. TDRs amounting to Rs. 579.079 million are lien against the facility of short term borrowings from Habib bank limited. Futhermore, TDR amounting to Rs. 100 million are lien against facility of long term loan from Pakistan Mortgage Refinance Company (PMRC) as disclosed in note 23.5.1 and 25.1.1 to the financial statements.

12.2 These represent short term placements in TDRs carry mark-up rates ranging from 12.50% to 16.48% (2023: 10.40% to 12.5%) per annum. These TDRs have maximum maturity upto March 19, 2025. TDRs are pledged as collateral against the facility of short term borrowings from MCB Bank Limited as disclosed in note 25.2.1 to the financial statements.

12.3 These represent short term placements in TDRs carry mark-up rates of 21.25% per annum. These TDRs have maximum maturity upto October 24, 2024. TDRs are pledged as collateral against the facility of long term borrowings from state bank of pakistan as disclosed in note 22.3.1 to the financial statements.

	Note	2024	2023
		RUPEES	
12.4 Movement of term deposit certificates			
Balance at beginning of the year		**1,146,662,887**	1,125,821,599
Add: Purchased during the year		**1,385,079,764**	20,841,288
Less: Matured during the year		**(1,146,662,887)**	-
		1,385,079,764	1,146,662,887

13 ACCRUED MARKUP

	Note	2024	2023
Accrued mark-up on			
- Microfinance loan - net	13.1	**915,380,826**	828,448,656
- Bank balance		**1,912,472**	3,258,665
- Short term investments		**107,754,126**	50,501,052
		1,025,047,424	882,208,373

13.1

	June 30, 2024			
	Rupees			
	Micro-Credit Pool	**PMIC**	**SBP**	**Total**
Accrued markup microfinance on loan - gross	448,528,292	517,726,873	14,001,398	980,256,563
Credit loss allowance				
- Stage 1	(2,304,936)	(2,660,540)	(71,952)	(5,037,428)
- Stage 2	(24,525,921)	(28,309,761)	(765,609)	(53,601,291)
- Stage 3	(2,853,823)	(3,294,109)	(89,086)	(6,237,018)
	(29,684,680)	(34,264,410)	(926,647)	(64,875,737)
Accrued markup on microfinance loan- net	418,843,612	483,462,463	13,074,751	915,380,826

Particulars of credit loss allowance against accrued markup

	Stage 1	Stage 2	Stage 3	Total
Opening balance - as reported	-	-	-	-
Impact of adoption of IFRS 9	1,513,244	2,222,518	32,840,440	36,576,202
Opening balance - as restated	1,513,244	2,222,518	32,840,440	36,576,202
Charge / (Reversal) for the year	3,524,183	51,378,773	(26,603,422)	28,299,534
Closing balance	5,037,427	53,601,291	6,237,018	64,875,736

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		Note	2024	2023
			------------ RUPEES ------------	
14	**OTHER RECEIVABLES**			
	Derivative financial instruments	14.1	-	-
	Receivable from employees		-	7,761
	Receivable from employees - Solar System		**1,129,755**	1,667,301
	Other receivables		**7,486,520**	10,238
			8,616,275	1,685,300
14.1	**Derivative financial instruments**			
	Opening - Derivative asset		-	51,770,000
	Unrealised gain during the year		-	-
	Realised gain during the year		-	-
	Settlement against loan repaid		-	(51,770,000)
	Closing - Derivative asset		-	-
15	**ADVANCES, DEPOSITS AND PREPAYMENTS**			
	Unsecured - considered good			
	Advance to staff	14.1	**914,536**	636,379
	Current portion of loan to employees	11	**9,259,912**	10,540,356
	Security deposit		**3,018,240**	2,172,515
	Advances to suppliers	15.2	**50,000**	-
			13,242,688	13,349,250
	Prepayments		**8,521,701**	13,217,397
			21,764,389	26,566,647

15.1 This includes advances given to employees of the Company in accordance with their terms of employment and are adjustable on monthly basis against the salaries of the employees.

15.2 This represents advances to suppliers / contractors in the normal course of business and does not carry any interest.

		2024	2023
16	**INVENTORY**		
	Opening stock in trade	**2,028,000**	-
	Solar systems purchased during the year	**29,538,000**	15,485,000
	Less: transfer to expenses	**(27,396,500)**	(13,457,000)
		4,169,500	2,028,000

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17 MICROFINANCE LOAN - NET

	Note	June 30, 2024			
		Rupees			
		Micro credit pool	**PMIC loans**	**SBP loans**	**Total**
Un-secured					
Microfinance loan - gross	17.4	**354,923,237**	**2,386,896,522**	**27,868,413**	**2,769,688,172**
Credit loss allowance	17.5				
- Stage 1		**(1,823,911)**	**(12,265,993)**	**(143,213)**	**(14,233,117)**
- Stage 2		**(19,407,515)**	**(130,517,600)**	**(1,523,869)**	**(151,448,984)**
- Stage 3		**(2,258,248)**	**(15,186,958)**	**(177,317)**	**(17,622,523)**
		(23,489,674)	**(157,970,551)**	**(1,844,399)**	**(183,304,624)**
		331,433,563	**2,228,925,971**	**26,024,014**	**2,586,383,548**
Long term microfinance loan	17.2	**(232,268,530)**	**(108,021,380)**	**(229,220)**	**(340,519,130)**
Microfinance loan - net		**99,165,033**	**2,120,904,591**	**25,794,794**	**2,245,864,418**

	June 30, 2023			
	Rupees			
	Micro credit pool	PMIC loans	SBP loans	Total
Un-secured				
Microfinance loan - gross	562,438,796	3,054,561,025	72,551,243	3,689,551,064
Specific provision	(21,971,111)	(59,853,396)	(788,201)	(82,612,708)
General provision	(16,214,031)	(89,841,229)	(2,152,891)	(108,208,151)
	(38,185,142)	(149,694,625)	(2,941,092)	(190,820,859)
	524,253,654	2,904,866,400	69,610,151	3,498,730,205
Long term microfinance loan	(108,414,176)	(225,781,156)	-	(334,195,332)
Microfinance loan - net	415,839,478	2,679,085,244	69,610,151	3,164,534,873

17.1 Loans disbursed to the beneficiaries are un-secured. The principal amount disbursed to the beneficiary is charged with 30% (2023: 27%) service charges. In case of seasonal and housing loan that is recovered after six months, it is charged with 34% (2023: 34%) service charges and is recovered in lump sum at the date of maturity of loan.

17.2 This amount is classified under long term microfinance loan, as these are recoverable after one year.

17.3 During the year, the company rescheduled its microfinance portfolios, amounting to Rs 1,220.367 million.

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17.4 Movement of microfinance loan

	June 30, 2024			
	----Rupees----			
	Micro credit pool	**PMIC loans**	**SBP loans**	**Total**
Opening balance - as reported	**562,438,796**	**3,054,561,025**	**72,551,243**	**3,689,551,064**
Disbursement during the year	**52,655,000**	**1,901,050,406**	**-**	**1,953,705,406**
	615,093,796	**4,955,611,431**	**72,551,243**	**5,643,256,470**
Recoveries during the year	**(260,170,559)**	**(2,568,714,909)**	**(44,682,830)**	**(2,873,568,298)**
Balance at end of the year	**354,923,237**	**2,386,896,522**	**27,868,413**	**2,769,688,172**

	June 30, 2023			
	----Rupees----			
	Micro credit pool	PMIC loans	SBP loans	Total
Opening balance at beginning of the year	965,210,272	2,753,713,752	72,125,457	3,791,049,481
Disbursement during the year	286,308,000	3,175,555,423	69,183,000	3,531,046,423
	1,251,518,272	5,929,269,175	141,308,457	7,322,095,904
Recoveries during the year	(640,260,527)	(2,775,421,778)	(66,843,538)	(3,482,525,843)
Written off during the year	(48,818,949)	(99,286,372)	(1,913,676)	(150,018,997)
Balance at end of the year	562,438,796	3,054,561,025	72,551,243	3,689,551,064

17.5 Particulars of credit loss allowance against microfinance loan

	June 30, 2024					
	----Rupees----					
	Stage 1	**Stage 2**	**Stage 3**	**Specific**	**General**	**Total**
Opening balance - as reported	-	-	-	**82,612,708**	**108,208,151**	**190,820,859**
Impact of adoption of IFRS 9	**6,739,586**	**9,898,499**	**146,262,512**	**(82,612,708)**	**(108,208,151)**	**(27,920,262)**
Opening balance - as restated	**6,739,586**	**9,898,499**	**146,262,512**	-	-	**162,900,597**
Charge / (Reversal) for the year	**7,493,530**	**141,550,485**	**(128,639,989)**	-	-	**20,404,026**
Closing balance	**14,233,116**	**151,448,984**	**17,622,523**	-	-	**183,304,623**

	June 30, 2023					
	----Rupees----					
	Stage 1	Stage 2	Stage 3	Specific	General	Total
Opening balance - as reported	-	-	-	213,971,423	17,885,391	231,856,814
Charge for the period	-	-	-	18,660,282	90,322,760	108,983,042
Written off during the year				(150,018,997)	-	(150,018,997)
Closing balance	-	-	-	82,612,708	108,208,151	190,820,859

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		Note	2024	2023
			------------ RUPEES ------------	
18	**Tax refund due from government**			
	Opening balance		**88,138,682**	64,840,848
	Additions during the period		**3,222,699**	23,297,834
			91,361,381	88,138,682
19	**CASH AND BANK BALANCES**			
	Cash in hand		-	207,289
	Cash at bank in:			
	Current accounts		**316,983,255**	107,303,260
	Profit and loss sharing accounts	19.1	**26,119,310**	23,086,078
	Saving accounts	19.2	**66,806,954**	508,268,007
			409,909,519	638,657,345
			409,909,519	638,864,634

19.1 The Profit and loss sharing accounts carry markup rates ranging from 20.45% to 20.5% (2023: 12.25% to 20.45%) per annum.

19.2 The saving accounts carry markup at the rates ranging from 12.25% to 20.45% (June 30, 2023: 12.25% to 20.45%) per annum.

		Note	2024	2023
			------------ RUPEES ------------	
20	**DEFERRED CAPITAL GRANT**			
	Opening balance		-	141,956
	Addition		-	-
	Amortization during the period		-	(141,956)
			-	-
21	**DEFERRED LIABILITIES**			
	Gratuity payable	21.1 & 39.2	**78,273,836**	84,122,163
	Deferred income	21.3.1	**38,205,585**	-
	Long term advances	21.2	**24,019,375**	30,954,751
			140,498,796	115,076,914
21.1	**GRATUITY PAYABLE MOVEMENT**			
	Opening balance		**84,122,163**	70,443,282
	Charge for the year		**32,618,525**	24,398,612
	Deficit on remeasurement recognised in other comprehensive income		**(19,764,296)**	2,539,404
			96,976,392	97,381,298
	Benefits paid		**(18,702,556)**	(13,259,135)
	Closing balance		**78,273,836**	84,122,163

21.2 Certain employees have been provided with the Company owned and maintained vehicle at the executive level. The ownership of these vehicle would be transfer to the relevant employees upon completion of the lease period of 60 months. This amount of advances would be adjusted against disposal value (net book value) of vehicle upon transfer of ownership.

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		2024	2023
		------------- RUPEES -------------	
21.3	**DEFERRED INCOME MOVEMENT**		
	Opening balance	-	-
	Accrued during the year	**42,761,445**	-
	Amortization income during the year	**(4,555,860)**	-
		38,205,585	-

21.3.1 This represents deferred income recognized on difference between cash received and present value of cash inflow of loan received from the State Bank of Pakistan and Thardeep Microfinance Foundation - Contributory Provident Fund at below market interest rate as described in Note 23.

		Note	2024	2023
			------------ RUPEES ------------	
22	**SUBORDINATED LOAN - UNSECURED**			
	Subordinated loan	**22.1**	**400,000,000**	400,000,000

22.1 This represents long term loan from Thardeep Rural Development Programme (TRDP). Upon demerger of TRDP - Micro Credit and Enterprise Development Unit (the Unit) from TRDP by incorporating a separate entity namely Thardeep Microfinance Foundation (the Company) on October 06, 2016, the Company entered into Loan Subordination Agreement with TRDP dated December 31, 2016 for an amount of Rs. 400 million considered as subordinated loan out of total surplus created by the Unit till the date of incorporation of the Company.

The TRDP's claims on the subordinated loan are wholly subordinated to the claims of all other non-subordinated creditors of the Company. As per terms of the subordinated loan, the Company shall not make any payment to TRDP which would result in the principal amount of the subordinated loan for the time being outstanding being reduced without prior consent of SECP. The rate of markup is six months KIBOR+3% at the cap of 12.5% per annum and is payable on monthly basis.

The loan shall be repayable after five years, except where the Company is being wound up, in which case the subordinated loan shall not become repayable before completion of five years unless SECP approves the repayment. The loan was further extended for a period of 3 years through agreement dated October 06, 2024. Neither the principal nor the interest on the subordinated loan may be repaid if such repayment would mean that the capital of the Company (or any component part thereof) is less than the SECP's capital adequacy requirement for the Company. The Company shall notify to the SECP without delay of all repayments of any part of the subordinated debt.

On July 24, 2018, the SECP has approved with ex-post facto effect this loan as subordinated loan. Accordingly, the loan has been classified as subordinated loan in these financial statements.

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		Note	2024	2023
			------------ RUPEES ------------	
23	**LONG TERM LOANS**			
	Secured			
	Loan from Pakistan Microfinance Investment Company Limited	23.1	**1,510,400,000**	1,840,000,000
	Loan from State Bank of Pakistan	23.3	**538,600,444**	322,810,220
	Loan from Pakistan Mortgage Refinance Company	23.5	**-**	194,878,881
	Loan from Habib Bank Limited	23.6	**-**	-
	Loan from Habib Bank Limited UnderPMYB&ALS	23.7	**-** **44,444,446**	- 111,111,111
			2,093,444,890	2,468,800,212
	Unsecured			
	Loan from Roshan Khushal Organization	23.2	**4,092,025**	3,500,000
	Thardeep Microfinance Foundation -Contributory Provident Fund	23.8.1	**74,105,752**	-
			2,171,642,667	2,472,300,212

23.1 Loan from Pakistan Microfinance Investment Company Limited

	Note	2024	2023
Balance as at July 01,		**3,000,000,000**	2,650,000,000
Received during the year		**1,182,000,000**	1,260,000,000
Repaid during the year		**(1,492,000,000)**	(910,000,000)
	23.1.1	**2,690,000,000**	3,000,000,000
Current portion	26	**(1,179,600,000)**	(1,160,000,000)
		1,510,400,000	1,840,000,000

23.1.1 This loan is obtained from Pakistan Microfinance Investment Company Limited (PMIC). It includes Rs 1,712 Million from Rs 2,500 Million loan facility, Rs: 470 million from 1,935 and Rs 1,260 Million from Rs 1,935 Million loan facility. The loan carries mark-up at the rate 6 month KIBOR+3.50% (2023: 6 month KIBOR+3.5%) payable quarterly in arrears. The loan is repaid in quarterly installments after grace period of 12 months from the date of first disbursement. The loan is fully secured against a hypothecation charge, at least on a pari passu basis on, all the present and future current assets of the company upto Rs 3,750 Million, and a demand promissory note also signed by the Board of Directors of the Company. The aggregate sanctioned limit of the facilities is Rs. 4,435 million (2023: Rs.4,425 million).

	Note	2024	2023
		------------ RUPEES ------------	

23.2 Loan from Roshan Khushal Organization

	Note	2024	2023
Balance as at July 01,		**3,500,000**	3,500,000
Received during the year		**592,025**	
	23.2.1	**4,092,025**	3,500,000
Current portion	26	**-**	-
		4,092,025	3,500,000

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23.2.1 The company obtained a loan from Roshan Khushal Organization with a mark-up rate of 6-month KIBOR minus 7% (2023: 6-month KIBOR plus 3% with a cap of 10%), payable annually. The original loan agreement was for three years, maturing in February 2024. As of February 2024, the loan has been rescheduled, with the outstanding interest incorporated into the loan liability. The term has been extended for an additional three years by mutual consent of both parties. The sanctioned limit of the facility is Rs. 4.092 million (2023: Rs. 3.50 million). The loan is scheduled to be repaid in full at the end of the extended term in February 2027.

	2024	2023
	------------ RUPEES ------------	
23.3 Loan from State Bank of Pakistan (SBP)		
Balance as at July 01,	**322,810,220**	72,810,220
Received during the year	**320,000,000**	250,000,000
Present value adjustment	**(35,814,473)**	-
Interest expnes for the year	**4,414,917**	-
Repaid during the year	**(72,810,220)**	-
	538,600,444	322,810,220

23.3.1 State Bank of Pakistan (SBP) Facility 500 million

	2024	2023
Opening balance	**250,000,000**	-
Received during the year	**250,000,000**	250,000,000
Present value adjustment	**(30,533,048)**	-
Repaid during the year	**-**	-
Interst expense for the year	**4,311,084**	-
	473,778,036	250,000,000

The Company has obtained a loan facility of Rs. 500 million from the State Bank of Pakistan (SBP), secured by a Bank Repayment Guarantee (RG) of Rs. 306 million issued by Saudi Pak Industrial and Agricultural Investment Company Limited. A demand promissory note has been signed by the Company in connection with this facility. The loan carries a markup at a rate of six months KIBOR minus 1%. An initial disbursement of Rs. 250 million was made on June 26, 2023, followed by a second disbursement of Rs. 250 million during the year.

	2024	2023
	------------ RUPEES ------------	
23.3.2 State Bank of Pakistan (SBP) Facility 72 million		
Balance as at July 01,	**72,810,220**	72,810,220
Received during the year	**-**	-
Repaid during the year	**(72,810,220)**	-
	-	72,810,220

On June 24, 2019, the Company secured a loan facility of Rs. 72.810 million from the State Bank of Pakistan (SBP). This facility is backed by a Bank Repayment Guarantee (RG) of Rs. 82.652 million issued by Habib Bank Limited. As part of the agreement, the Company signed a demand promissory note. The loan is subject to a markup rate of six months KIBOR plus 0.5%. The loan was disbursed on June 24, 2019, for a period of five years and was scheduled for repayment at maturity.

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		2024	2023
		------------ RUPEES ------------	
23.3.3	**State Bank of Pakistan (SBP) Facility 70 million**		
	Balance as at July 01,	-	-
	Received during the year	**70,000,000**	-
	Present value adjustment	**(5,281,425)**	-
	Interest expense	**103,833**	-
		64,822,408	-

The Company obtained a loan facility of Rs. 70 million from the State Bank of Pakistan (SBP) during the year. This loan facility is secured by a guarantee of Rs. 84.1 million issued by Saudi Pak Industrial and Agricultural Investment Company Limited. The loan carries a markup rate of six months KIBOR minus 1%. It was obtained on June 28, 2024, for a term of five years, maturing on June 30, 2029, and is repayable in full at maturity.

		Note	2024	2023
			------------ RUPEES ------------	
23.4	**Loan from Triodos Investment Management**			
	Balance as at July 01,		-	208,836,579
	Received during the year	22.4.2	-	-
	Amortization of transaction cost		-	-
			-	208,836,579
	Unrealised exchange gain		-	-
	Realised exchange gain		-	-
			-	208,836,579
	Repaid during the year		-	(154,875,325)
	Settlement against derivatives		-	(53,961,254)
			-	-
	Current portion	26	-	-
			-	-
23.5	**Loan from Pakistan Mortgage Refinance Company (PMRC)**			
	Balance as at July 01,		**264,304,703**	333,730,525
	Repaid during the year		**(64,304,703)**	(69,425,822)
		23.5.1	**200,000,000**	264,304,703
	Current portion	26	**(200,000,000)**	(69,425,822)
			-	194,878,881

23.5.1 This loan is obtained from Pakistan Mortgage Refinance Company Limited (PMRC). The loan carries mark-up at the rate of 10.44% (2023: 6.90% to 10.44%) per annum payable quarterly. The loan shall be paid in quarterly installments after grace period of 15 months from the date of first disbursement. The facility is secured against lien over TDR placed with Habib Bank Limited of Rs. 100 million (2023: 200 million) and the loan is also fully secured against a hypothecation charge, at least on a pari passu basis on all the present and future current assets. The sanctioned limit of the facility is Rs. 200 million (2023: Rs. 400 million).

		Note	2024	2023
			------------ RUPEES ------------	
23.6	**Loan from Habib Bank Limited**			
	Balance as at July 01,		-	16,843,042
	Received during the year		-	-
	Repaid during the year		-	(16,984,998)
	Interest accrued during the year		-	141,956
		23.6.1	-	-
	Current portion	26	-	-
			-	-

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23.6.1 The Company has secured a loan of Rs. 67.90 million from Habib Bank Limited (HBL) under the State Bank of Pakistan (SBP) Refinance Scheme for the payment of wages and salaries (RFWS Scheme) to its employees. This loan carries a markup rate of SBP 2.0% plus a bank spread of 3.0%. For active taxpayers, the SBP rate will be 0%.
The loan is to be repaid in 8 quarterly installments, following a grace period of 6 months from the date of disbursement. The sanctioned limit of the facility is Rs. 67.90 million.

		2024	2023
		------------ RUPEES ------------	
23.7	**LOAN FROM HABIB BANK LIMITED UNDER PMYB&ALS**		
	Balance as at July 01,	**177,777,778**	-
	Received during the year	**-**	200,000,000
	Repaid during the year	**(66,666,665)**	(22,222,222)
		111,111,113	177,777,778
	Current portion	**(66,666,667)**	(66,666,667)
		44,444,446	111,111,111

23.7.1 The Company has obtained loan from Habib Bank Limited (HBL) under the Prime Minister Youth Business & Agriculture Loan Scheme (PMYB&ALS) of Rs. 200 million. This loan is interest free and the loan shall be repaid in 36 equal monthly installments starting from subsequent month from the date of disbursement. The loan is secured against 1st pari passu charge of Rs. 160 million on all present and future microcredit / advances receivables of TMF.

		2024	2023
		------------ RUPEES ------------	
23.8	**Thardeep Microfinance Foundation - Contributory Provident Fund**		
	Balance as at July 01,	**-**	-
	Received during the year	**80,000,000**	-
	Present value adjustment	**(6,946,972)**	-
	Interest expense	**140,943**	-
		73,193,971	-

23.8.1 This loan has been obtained during the year from the Thardeep Microfinance foundation's Contributory Provident Fund carrying an interest rate 16%. The maturity of this loan is June 5, 2026.

		Note	2024	2023
			------------ RUPEES ------------	
24	**LEASE LIABILITIES**			
	Opening balance		**64,677,147**	70,317,510
	Additions during the year		**16,386,954**	21,935,703
			81,064,101	92,253,213
	Interest accrued		**7,615,140**	10,647,541
	Payments during the year		**(40,840,033)**	(38,401,436)
	Disposal during the year		**(7,539,674)**	-
	Impact of remeasurement of lease		**(50,777)**	177,829
			40,248,757	64,677,147
	Less: Current portion shown under current liabilities		**(25,751,664)**	(34,335,553)
			14,497,093	30,341,594

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24.1 Lease liabilities comprises of following:

- Lease of buildings amounting to Rs. 40.248 million (2023: Rs. 52.753 million). These are discounted using mark-up rates ranging from 18.5 to 21.5 % (2023: 12.5% to 18.5%) per annum.

- Lease of vehicles amounting to nil (2023: Rs. 11.286 million). These are discounted using mark-up rates ranging from 17.04% to 23.97% (2023: 17.04% to 23.97%) per annum. During the year, the lease term has been ended and leased vehicles have transfered to owned assets.

24.2 The company has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less). Payment made under such leases are expensed on a straight line basis.

24.3 The expense relating to payment not included in the measurement of lease liability is as follows

	Note	2024	2023
		RUPEES	
Short-term lease		7,995,508	9,315,428

25 SHORT TERM BORROWINGS

	Note	2024	2023
Secured			
Short term borrowings from Habib Bank Limited	25.1	**529,710,075**	530,000,000
Short term general borrowings from Habib Bank Limited	25.2	**100,000,000**	100,000,000
Short term borrowings from MCB Bank Limited	25.3	**399,516,269**	400,000,000
Short term general borrowings from MCB Bank Limited	25.4	**300,000,000**	300,000,000
Sindh Rural Support Organization	25.5	-	8,782,206
		1,329,226,344	1,338,782,206

25.1 Short term borrowings from Habib Bank Limited

	2024	2023
Balance as at July 01,	**530,000,000**	424,000,000
Received during the year	**99,710,075**	106,000,000
Repaid during the year	**(100,000,000)**	-
Closing balance	**529,710,075**	530,000,000

25.1.1 This represents short term running finance facility of Rs. 530 million (2023: 530 million) availed from Habib Bank Limited. The facility carries mark-up at the rate consistent in respect of Term Deposit Receipts (TDR) placed with bank plus .50% that is 20.26% (2023: 16.13%) The facility is secured against lien over TDR placed with Habib Bank Limited of Rs. 579.079 million (2023: Rs. 546.662 million). The sanctioned limit of running finance facility is Rs. 530 million (2023: Rs. 530 million) respectively.

25.2 Short term general borrowings from Habib Bank Limited

	2024	2023
	RUPEES	
Balance as at July 01,	**100,000,000**	100,000,000
Received during the year	**8,881,809**	-
Repaid during the year	**(8,881,809)**	-
Closing balance	**100,000,000**	100,000,000

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25.2.1 This represents short term running finance facility of Rs. 100 million availed from Habib Bank Limited. The facility carries mark-up at the rate consistent in respect of 3 month KIBOR + 1.25% that is 23.51% (2023: 23.23%) per annum respectively. This facility is secured against collateral of 1st pari passu charge of Rs 100 million and the sanctioned limit of running finance facility is Rs. 100 million (2023: Rs. 100 million) respectively.

			2024	**2023**
			------------ RUPEES	------------
25.3	**Short term borrowings from MCB Bank Limited**			
	Balance as at July 01		**400,000,000**	400,000,000
	Received during the year		**-**	-
	Repaid during the year		**(483,731)**	-
	Closing balance	25.3.1	**399,516,269**	400,000,000

25.3.1 This represents short term running finance facilities availed from MCB Bank Limited. This facility carry mark-up at the rate consistent in respect of Term Deposit Receipts placed with bank plus 0.50% i.e. 14.99% (2023: 13%) per annum. The facility is secured against lien over Term Deposit Receipts placed with MCB Bank Limited of Rs. 400 million (June 30, 2023: Rs. 400 million). The sanctioned limit of running finance facility is Rs. 600 million (June 30, 2023: Rs. 600 million).

			2024	**2023**
			------------ RUPEES	------------
25.4	**Short term general borrowings from MCB Bank Limited**			
	Balance as at July 01,		**300,000,000**	300,000,000
	Received during the year		**-**	-
	Repaid during the year		**-**	-
	Closing balance	25.4.1	**300,000,000**	300,000,000

25.4.1 This represents short term general running finance facility availed from MCB Bank Limited. This facility carry mark-up at the rate 3 months KIBOR plus 1% i:e 23.25% (June 30, 2023: 18.5%) per annum. This facility is secured against collateral of 1st pari passu charge of Rs. 353 million and Rs. 100 million over all present and future current assets and fixed assets respectively (June 30, 2023: Rs. 353 million and Rs. 100 million over all present and future current assets and fixed assets respectively).

		2024	**2023**
		------------ RUPEES	------------
25.5	**Sindh Rural Support Organization**		
	Balance as at July 01	**8,782,207**	8,782,207
	Received during the year	**-**	-
	Written back during the year	**(8,782,207)**	-
	Closing balance	**-**	8,782,207

This loan has been obtained from Sindh Rural Support Organization (SRSO) under Peoples Women Empowerment Programme (PWEP) to provide interest free micro credit, for the support of those women of rural villages, who are very poor or destitute women. This loan is unsecured, interest free and is repayable on demand.

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		Note	2024	2023
26	**CURRENT PORTION OF LONG-TERM LIABILITIES**		------------ RUPEES	------------
	Pakistan Microfinance Investment Company Limited loan	23.1	**1,179,600,000**	1,160,000,000
	Loan from Triodos Investment Management	23.4	**-**	-
	Loan from Habib Bank Limited	23.6	**-**	-
	Loan from Pakistan Mortgage Refinance Company	23.5	**200,000,000**	69,425,822
	Loan from Habib Bank Limited Under PMYB&ALS	23.7	**66,666,667**	66,666,667
			1,446,266,667	1,296,092,489
27	**ACCRUED MARK-UP**			
	Mark-up accrued on:			
	Long term loans		**211,501,914**	204,752,914
	Short term borrowings		**68,494,466**	52,738,812
			279,996,380	257,491,726
28	**OTHER LIABILITIES**			
	Unearned mark-up	28.1	**21,468,660**	41,809,319
	Leave encashment payable	28.2	**29,768,350**	34,154,238
	Accrued branchless banking charges		**132,302**	305,417
	Insurance claim payable to community		**158,482**	703,980
	Insurance payable		**333,254**	1,720,369
	Accrued expense		**7,085,167**	6,145,485
	Accrued salary		**19,986,145**	2,439,217
	Provident fund payable		**6,621,724**	5,000,000
	Other payable		**10,836,444**	1,020,144
			96,390,528	93,298,169
28.1	**Unearned Mark-up movement**			
	Opening balance		**41,809,320**	46,525,874
	Addition during the year		**39,067,087**	65,946,440
	Mark-up earned during the year		**(59,407,747)**	(70,662,994)
	Closing balance		**21,468,660**	41,809,320

28.1.1 The Company receive advance markup of 2% from their customers at the inception of microfinance loan.

28.1.2 Markup for an amount of Rs. 59.407 million (2023: 70.662 million) has been recognised as finance income as current year in respect of unearned markup.

		Note	2024	2023
			------------ RUPEES	------------
28.2	**Leave encashment payable movement**			
	Opening balance		**34,154,238**	30,572,025
	Charge for the year		**2,969,386**	9,529,628
	Repaid during the year		**(7,355,274)**	(5,947,415)
	Closing balance		**29,768,350**	34,154,238

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		Note	2024	2023
			------------ RUPEES ------------	
28	**Surplus on revaluation of property and equipment**			
	Revaluation surplus as at July 1		-	-
	Revaluation during the year	6	**72,600,361**	-
	Net amount transferred to unappropriated profit on account of Incremental depreciation		**(28,530)**	
	Balance as at June 30		**72,571,831**	-
29	**LOAN LOSS RESERVES**			
	Loan loss reserves		**90,538,524**	90,538,524

29.1 Loan loss reserve was created on outstanding loan portfolio at the rate of 5% of gross loan portfolio in Thardeep Rural Development Programme - Micro Credit and Enterprise Development Unit which was transferred to the Company upon demerger of Thardeep Rural Development Programme - Micro Credit and Enterprise Development Unit from erstwhile Thardeep Rural Development Programme (TRDP).

30 CONTINGENCIES AND COMMITMENTS

30.1 Sindh Revenue Board (SRB) vide its letter SRB-COM-IV/NBFC/DC-34/2018-19/7117 dated January 16, 2019 issued a notice to the Company for registration under section 24 of Sindh Sales Tax Act, 2011 (The Act).

SRB stated that the Company has been involved in providing or rendering services to customers thus engaged in economic activity in terms of section 4 of the Act, by providing taxable services in terms of section 3 of the Act, which fall under the services category / tariff heading "9813.8100- Others, including the services provided or rendered by non- banking, finance companies, modaraba and musharika companies and other financial institutions". and such services are taxable as specified in Second Schedule of the Sindh Sales Tax on Services Act, 2011. Therefore, the Company is required to get e-registration for Sindh Sales Tax on Services u/s 24 of the Act, besides its activities as withholding agent under the relevant statutory provisions of the Act, and appear for hearing at SRB office at specified date.

Company through letter dated March 07, 2019 informed SRB that the Company has registered u/s 24 of the Act. Management has paid tax amounting to Rs 14.146 million and requested SRB to waive of the tax for the period of October 6, 2016 to June 30, 2017 as it had operational losses during that year.

SRB has not acknowledged the letter from the Company for the waiver in writing, however the same has been agreed verbally in the meeting. Accordingly, the additional tax amounting to Rs.6.5 million has not been accounted for in these financial statements.

30.2 The Company was approved as non-profit organization (NPO) by the concerned Commissioner Inland Revenue under section 2(36) of the Income Tax ordinance, 2001 which was expired on June 30, 2020. The Company had applied for renewal of the NPO approval, however, the same was rejected by the concerned Commissioner Inland Revenue on the basis that the certificate issued Pakistan Center for Philanthropy (PCP) was valid till September 06, 2019 and the Company did not get it renewed. Company has been granted NPO certificate by the concerned Commissioner Inland Revenue for the tax year 2023 and valid up to 4th November 2024 based on the PCP Certificate which was issued on 15th November 2021 and valid for 3 years from the time of issue.
The Company has preferred an appeal before the Chief Commissioner Inland Revenue which is pending adjudication. Based on the confirmation from tax advisor, management is confident that the renewal for approval as NPO will be obtained and no provision for taxation is required to be recognized in the financial statements.

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			2024	2023
			------------ RUPEES	------------
31	**FINANCIAL INCOME**			
	Financial income earned on loan portfolio of :			
	Micro Credit Pool		**148,908,396**	250,426,659
	Pakistan Microfinance Investment Company		**973,175,223**	980,433,393
	State Bank of Pakistan		**16,361,462**	26,764,985
	Amortization of deferred income		**4,555,860**	-
			1,143,000,941	1,257,625,037
	Insurance processing fee		**580,325**	1,105,850
			1,143,581,266	1,258,730,887
32	**FINANCIAL CHARGES**			
	Mark-up on:			
	Long term loans		**879,896,007**	702,860,071
	Short term borrowings		**260,082,465**	185,870,167
	Finance lease		**8,154,921**	10,647,557
			1,148,133,393	899,377,795
	Conventional bank charges		**12,009,559**	1,929,117
	Branch less banking charges		**3,955,744**	13,134,123
			15,965,303	15,063,240
			1,164,098,696	914,441,035
33	**CREDIT LOSS ALLOWANCE**			
	Credit loss allowance against Microfinance loans			
	Credit loss allowance	16.4	**20,404,026**	-
	Specific provision	17.5	**-**	18,660,282
	General provision	17.6	**-**	90,322,760
			20,404,026	108,983,042
	Credit loss allowance against accrued markup		**28,299,534**	-
			48,703,560	108,983,042
34	**MICROFINANCE PROGRAMME AND OPERATING EXPENSES**			
	Salaries and other benefits		**315,785,551**	393,888,665
	Staff development cost		**276,881**	1,899,204
	Monthly review and meeting expenses		**1,582,252**	2,760,128
	Credit Information Bureau report expense		**852,938**	1,182,629
	Credit committee expense		**1,793,326**	2,067,588
	Information technology charges		**22,443,514**	17,814,609
	Publication and advertising expenses		**427,450**	799,756
	Annual report, Diary and calendar		**371,875**	373,747
	Grant expense		**55,000**	18,560,000
	Cost of good Sold- Solar Product		**27,396,500**	13,457,000
			370,985,287	452,803,326

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35 ADMINISTRATIVE EXPENSES

Salaries and other benefits		**11,815,817**	11,372,585
Staff Recovery / disbursement bonus		**4,146,648**	21,048,679
Rent, rate and taxes		**7,995,508**	9,315,428
Travel and accommodation		**12,076,443**	14,120,840
Consumables		**10,539,349**	14,025,152
Communication		**6,094,092**	8,610,734
Repairs and maintenance	35.1	**10,690,828**	13,711,116
Petrol, oil and lubricants		**27,492,420**	34,007,936
Utilities		**15,078,762**	15,231,638
Sindh sales tax on processing fee		**147,461**	144,383
Printing and stationery		**768,465**	989,213
Depreciation	6	**28,923,762**	36,226,833
Legal and professional charges		**2,981,845**	2,580,592
Auditors' remuneration	35.2	**2,000,000**	988,080
Perdiem and allowances		**852,579**	1,201,882
Insurance		**3,629,033**	1,952,877
Other		**1,768,447**	1,119,179
		147,001,459	186,647,147

35.1 Repairs and maintenance

Vehicle repair and mentanence	**6,764,082**	5,832,774
Office repairs and maintenance	**2,616,640**	5,768,708
IT equipments repair and maintenance	**431,808**	1,027,830
Equipment repair and maintenance	**878,298**	1,081,804
	10,690,828	13,711,116

35.2 Auditors' remuneration

Audit fee	**1,400,000**	776,000
Financial reporting fee	**200,000**	-
Out of pocket expense	**272,000**	161,920
Sales tax	**128,000**	62,080
	2,000,000	1,000,000

36 OTHER EXPENSES

Realised exchange loss on foreign currency loan	**-**	21,250,000
	-	21,250,000

37 OTHER INCOME

Realized gain on derivative instruments	**-**	23,441,254
Interest on term deposit receipts (TDRs)	**243,413,960**	149,470,417
Interest on deposit accounts	**65,121,644**	22,320,674
Recovery against bad debts	**3,095,566**	70,778,602
Unrealised gain on investment property carried at fair value	**1,075,808**	-
Gain on disposal of property and equipment	**4,614,221**	209,302
Others	**13,981,935**	25,754,932
	331,303,134	291,975,181

38 CASH AND CASH EQUIVALENTS

Cash and Bank	**409,909,519**	638,864,634
Short term running finance	**(1,329,226,344)**	(1,330,000,000)
	(919,316,825)	(691,135,366)

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39 RETIREMENT BENEFIT

39.1 Defined contribution plan

The Company has contributory provident fund scheme for benefit of all its permanent employees under the title of "Thardeep Microfinance Foundation - Contributory Provident Fund". The fund is maintained by the Trustees and all decisions regarding investments and distribution of income are made by the Trustees independent of the Company.

39.1.1 According to the Trustees, investments out of provident fund have been made in accordance with the provisions of Section 218 of Companies Act, 2017 and the rules made thereunder.

39.2 Defined benefit plan

The scheme provides for terminal benefits for all its permanent employees who qualify for the scheme at varying percentages of last drawn gross salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at June 30, 2024, using the Projected Unit Credit Method.

The Company faces the following risks on account of gratuity:

Salary Increase Risk - The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Mortality Risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal Risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

		2024	2023
		------------ RUPEES	------------
39.2.1	**Liability recognised in statement of financial position**		
	Present value of defined benefit obligation	**71,533,422**	79,850,480
	Add: Benefits due but not paid	**6,740,414**	4,271,683
	Closing net liability	**78,273,836**	84,122,163
39.2.2	**Movement of the liability recognized in the statement of financial position**		
	Net liability at beginning of the year	**79,850,480**	64,824,147
	Expense for the year	**32,618,525**	27,328,874
	Remeasurement (gain) / loss to Other Comprehensive Incom	**(19,764,296)**	(340,965)
	Benefits paid	**(21,171,287)**	(11,961,576)
	Closing net liability	**71,533,422**	79,850,480
39.2.3	**Movement in the present value of defined benefit obligation**		
	Opening balance	**79,850,480**	64,824,147
	Current service cost	**21,381,171**	19,558,411
	Interest cost	**11,237,354**	7,770,463
	Remeasurement: actuarial gain	**(19,764,296)**	(340,965)
	Benefits due but not paid	**(4,249,252)**	(2,170,026)
	Benefits paid	**(16,922,035)**	(9,791,550)
	Closing balance	**71,533,422**	79,850,480

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39.2.4 Expenses recognised in income and expenditure statement

Current service cost	**21,381,171**	19,558,411
Interest cost	**11,237,354**	7,770,463
	32,618,525	27,328,874

39.2.5 Remeasurement gain on defined benefit obligation

Remeasurement gain on defined benefit obligation	**(19,764,296)**	(340,965)

The expected contribution to unfunded gratuity scheme for the year ended June 30, 2025 is Rs. 25.930 million. This is the amount by which the net defined benefit liability is expected to increase. The amount of remeasurement to be recognised in other comprehensive income will be worked out as at the next valuation.

39.2.6 Principal actuarial assumptions

Following were the significant actuarial assumptions used in the valuation:

	2024	**2023**
	----------Percentage ----------	
Discount rate used for Interest Cost in P&L Charge	**16.25%**	13.25%
Discount rate used for year end obligation	**14.75%**	16.25%
Salary increase used for year end obligation		
Salary increase FY 2024	**13.75%**	15.25%
Salary increase FY 2025	**13.75%**	15.25%
Salary increase FY 2026	**13.75%**	15.25%
Salary increase FY 2027	**13.75%**	15.25%
Salary increase FY 2028	**13.75%**	15.25%
Salary increase FY 2029	**13.75%**	15.25%
Salary increase FY 2030 onward	**13.75%**	15.25%

39.2.7 Sensitivity analysis

Discount rate+100bps	**67,035,715**	74,986,108
Discount rate-100bps	**76,800,374**	85,535,186
Salary Increase + 100 bps	**77,030,525**	85,800,953
Salary Increase -100 bps	**66,749,993**	74,661,561

The average duration of the defined benefit obligation is 7 years.

40 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Description	Liabilities			Total
	Long term loan	Short term borrowing	Lease liabilities	
	---------- Rupees ----------			
Balance as at July 01, 2023	3,768,392,701	1,338,782,207	64,677,147	5,171,852,055
Repayment during the year	(1,695,781,588)	(118,147,747)	(40,840,033)	(1,854,769,368)
Received during the year	1,582,592,025	108,591,884	16,386,954	1,707,570,863
Disposal during the year	-	-	(7,539,674)	(7,539,674)
Interest expense for the year	5,467,641	-	7,615,140	13,082,781
Impact of remeasurement of lease	-	-	(50,777)	-
Present value adjustment	(42,761,445)	-	-	(42,761,445)
Balance as at June 30, 2024	3,617,909,334	1,329,226,344	40,248,757	4,987,435,212

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41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remunerations, including all benefits to Chief Executive Officer and Executives of the Company were as follows:

	30-Jun-24			
	Chief Executive Officer	Executives	Directors	Total
	RUPEES			
Managerial remuneration	**7,452,000**	**12,665,340**	**1,793,326**	**20,117,340**
House rent	-	**5,690,400**	-	**5,690,400**
Retirement benefits	**1,628,100**	**3,970,911**	-	**5,599,011**
Medical allowance	**500,000**	**999,140**	-	**1,499,140**
Bonus	-	-	-	-
Total	**9,580,100**	**23,325,791**	**1,793,326**	**32,905,891**
Number of persons	**1**	**6**	**7**	**7**

	30-Jun-23			
	Chief Executive Officer	Executives	Directors	Total
	RUPEES			
Managerial remuneration	6,966,000	16,264,824	1,409,800	23,230,824
House rent	-	7,319,172	-	7,319,172
Retirement benefits	1,628,100	4,981,103	-	6,609,203
Medical allowance	500,000	1,444,712	-	1,944,712
Bonus	-	-	-	-
Total	9,094,100	30,009,811	1,409,800	39,103,911
Number of persons	1	6	7	7

41.1 The Chief Executive Officer and certain employees at the executive level are also provided with the Company owned and maintained car and other benefits in accordance with their entitlement as per policy of the Company.

42 TRANSACTIONS WITH RELATED PARTIES

Related parties include Board of Directors, other related associate undertaking and key management personnel. The Company in the normal course of business carries out transactions with related parties. Transactions with related parties during the Period and balances as at June 30, 2023 were as follows:

42.1 Transactions during the year

Nature of transaction	Relation with the Company	Basis of Relationship	30-Jun-24 Rupees	30-Jun-23 Rupees
Advance paid	Chief Executive	Executive employee	**402,960**	1,346,080
Advance received	Chief Executive	Executive employee	**315,308**	1,346,080
Advance paid	Key Personnel	Executive employee	**2,406,887**	2,100,189
Advance received	Key Personnel	Executive employee	**4,533,656**	3,523,599
Interest received	Key Personnel	Executive employee	-	46,000
Interest charge	Associated undertaking	Common Directorship	**50,136,986**	50,000,000
Interest paid	Associated undertaking	Common Directorship	**50,136,986**	47,506,850

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		Note	2024	2023
			------------ RUPEES ------------	

42.2 Year end balances

		Note	2024	2023
Thardeep Rural development programme (TRDP)	Financial charges payable		**12,465,752**	12,465,753
	Sub-ordinated loan	22	**400,000,000**	400,000,000
			490,739,588	496,587,916
Thardeep micorfinance Foundation contributory fund	Provident fund payable	23 & 28	**80,727,476**	5,000,000

42.3 Names of related parties, nature and basis of relationship

Board of Directors

Mr. Naseer Muhammad Nizamani
Ms. Sabiha Shah
Mr. Khadim Hussain Lakhiar
Mr. Allah Nawaz Samoo
Ms. Yasmin Hyder
Ms. Samia Liaquat Ali Khan
Mr. Muhammad Qasim

Chief Executive Officer

Dr. Sono Khangharani

Associated undertaking

Thardeep Rural Development Programme

Key Executives

Ms. Pathani Parsa Kunbhar (General Manager Operation)
Mr. Narumal (Senior HR Manager)
Mr. Muhammad Farhanuddin Lakho (General Manager Finance)
Mr. Asmat Ali Memon (Head of Internal Audit)
Mr. Khalid Akhtar (Head of Product Development)
Mr. Arslan Ahmed Manzoor (Head of Compliance)

Post Retirement Fund

Thardeep micorfinance Foundation contributory Staff Provident Fund

43 FINANCIAL INSTRUMENTS BY CATEGORY

	2024	2023
	------------ RUPEES ------------	
Financial assets as per statement of financial position		
At amortised cost		
Long term loans and deposits	**3,823,614**	6,912,912
Short term investments	**1,385,079,764**	1,146,662,887
Microfinance loans	**2,586,383,548**	3,498,730,205
Other receivables	**8,616,275**	2,375,184
Advances and deposits	**10,174,448**	11,176,735
Accrued markup	**1,025,047,424**	882,208,373
Cash and bank balances	**409,909,519**	638,864,634
	5,429,034,592	6,186,930,930

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	2024	2023
	------------ RUPEES ------------	
Financial liabilities as per statement of financial position		
At amortized cost		
Long term loans	**3,617,909,334**	3,768,392,701
Sub-ordinated loan	**400,000,000**	400,000,000
Short term borrowings	**1,329,226,344**	1,338,782,207
lease liabilities	**40,248,757**	64,677,147
Other liabilities	**96,390,528**	93,298,170
Accrued mark-up	**279,996,380**	258,181,610
	5,763,771,343	5,923,331,835

44 FINANCIAL INSTRUMENTS RELATED DISCLOSURES

44.1 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the management under policies approved by the Board of Directors.

44.2 Market risk

Market risk is the risk that the fair value or the future cash flows of financial instrument may fluctuate as a result of changes in market prices. The Company is exposed to market risk as a result of mismatches or gaps in the amounts of financial assets and financial liabilities that mature or re-price in a given period. The Company manages this risk by matching the re-pricing of financial assets and liabilities through risk management strategies.

Market risk mainly comprises of currency risk, interest rate risk and price risk.

44.3 Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Investment Bank, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

44.4 Credit risk

Credit risk represents the risk of financial loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The Company's credit risk is primarily attributable to its short term investments, microfinance loans, bank balances and accrued markup. The Company's policy is to enter into contracts with reputable counter parties in accordance with the policies approved by the Board of Directors and as per applicable local laws.

Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements as at June 30, 2024 is the carrying amount of the financial assets as set out below:

	2024	2023
	------------ RUPEES ------------	
Nature of financial assets		
Short term investments	**1,385,079,764**	1,146,662,887
Microfinance loans	**2,586,383,548**	3,498,730,205
Accrued markup	**1,025,047,424**	882,208,373
Other receivable	**-**	697,645
Bank balances	**409,909,519**	638,657,345
	5,406,420,255	6,166,956,455

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To manage exposure to credit risk in respect of microfinance loans, management performs credit reviews taking into account the borrower's financial position, past experience and determined by applying percentages to the outstanding balances of principal amount in various categories, as stated below:

44.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. 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 far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

In the case of the Company, the liquidity level of Company remained on satisfactory level during the year and Company did not face any difficulty problem for generation of liquidity.

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at June 30. The rates of markup have been disclosed in relevant notes to these financial statements.

44.6 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short term borrowings. As at the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

Financial liabilities		**2024**	**2023**
Variable rate instruments	**Effective rate (In percent)**	------------ **RUPEES**	------------
Long term loans	6M KIBOR + 3.3%	**3,617,909,334**	3,768,392,701
Short term borrowings	6M KIBOR + 3%	**1,329,226,344**	1,338,782,206
Financial assets			
Fixed rate instruments			
Microfinance loan - net	22% - 30%	**2,586,383,548**	3,498,730,205

44.7 Cash flow sensitivity analysis for variable rate instruments

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

	100 bps increase	**100 bps (decrease)**
Cash flow sensitivity -		
Variable rate financial liabilities (Rupees) - June 2024	**11,399,785**	**(11,399,785)**
Variable rate financial liabilities (Rupees) - June 2023	8,887,302	(8,887,302)

The sensitivity analysis prepared is not necessarily indicative of the effects on surplus for the year and assets / liabilities of the Company.

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45 FAIR VALUE MEASUREMENT 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 and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

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

As at June 30, 2024, the Company held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3
	---- Rupees ----		
Financial assets			
At fair value through profit or loss			
Derivative financial instrument	-	-	-

	Level 1	Level 2	Level 3
	---- Rupees ----		
Financial liabilities			
At fair value through profit or loss			
Derivative financial instrument	-	-	-

As at June 30, 2023, the Company held the following financial instruments measured at fair value:

Financial assets			
At fair value through profit or loss			
Derivative financial instrument	-	51,770,000	-
Financial liabilities			
At fair value through profit or loss			
Derivative financial instrument	-	-	-

Valuation techniques

For level 2 valuation, the Company enters in to derivatives contracts with various counter parties. Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include spot pricing of the exchange rate prevailing at reporting date.

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

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Transfers during the year

During the year to June 30, 2024, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

CHC

46 CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor / stakeholders, creditor and market confidence and to sustain the future development of its business. The Company's objectives when managing fund are to safeguard the Company's ability to continue as a going concern in order to provide services for the general public. The Company manages its fund structures and makes adjustments to it, in the light of changes in economic conditions. There were no changes to company's approach to fund management during the period.

(i) The Company's objectives when managing capital are:

to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

to provide an adequate return to shareholders.

(ii) The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements except as disclosed in note 19.1 of these financial statements.

The proportion of debt to equity at the year end was:	**2024**	**2023**
	------------ RUPEES	------------
Total Borrowings (notes 21 & 23)	**4,947,135,678**	5,107,174,908
Total Equity including subordinate loan	**582,166,148**	754,362,033
Gearing ratio	**850%**	677%

47 NUMBER OF EMPLOYEES

Number of employees	**457**	648
Average number of employees	**553**	723

48 CORRESPONDING FIGURES

Corrosponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison and better presentation.

Reclassified From	Reclassified To	Amount in Rupees
Investment Property (Freehold land)	Property and equipment (Freehold land)	678,708
Advances, deposits and prepayments (Advance against intangible asset)	Intangible asset (Advance against intangible asset)	6,113,368
Rebate from State Bank of Pakistan (Other receivables)	Accrued markup on Long term loans (Accrued Markup)	689,884

49 DATE OF AUTHORIZATION FOR ISSUE

These financial statements was authorized for issue on 27 OCT 2024 by the Board of Directors of the Company.

GENERAL

50 Figures have been rounded off to the nearest Rupee unless otherwise stated.

DIRECTOR **CHIEF EXECUTIVE OFFICER**