



**THARDEEP**  
Microfinance Foundation



# 2022-23 Annual Report

## **FORGING RESILIENCE**

THARDEEP MICROFINANCE FOUNDATION

# ANNUAL REPORT 2022-2023



## THARDEEP MICROFINANCE FOUNDATION

(A Company set up under Section 42 of the Companies Ordinance, 2017)

## FORGING RESILIENCE

**"RESILIENCE IS THE ART OF EMBRACING SETBACKS AS OPPORTUNITIES FOR GROWTH AND TRANSFORMATION" Unknown**



## Acknowledgments

We celebrate the incredible resilience and dedication demonstrated by each member of our team. Their commitment and passion have been the driving forces behind our achievements and successes this year.

We extend our heartfelt gratitude to the TMF Board and its leadership team. Their unwavering support and strategic guidance have been instrumental in navigating the complexities of our company.

We also express our profound appreciation to our borrowers. Their confidence and trust in our work, products, and services have been crucial to our success.

Together, the resilience and commitment of our team, the steadfast support of the TMF Board and leadership, and the trust of our borrowers have been the pillars of our progress and accomplishments. We look forward to continuing this journey with the same spirit of collaboration and mutual trust.

# Contents.

01	Outlook 2023	03
02	Introduction	07
03	Operational Outreach	09
04	Chairperson Message	13
05	CEO Message	14
06	Board Of Directors	15
07	Key Highlights of FY-22-23	17
08	How we performed Operations, IT, IA, HR, Compliance, Administration	18
09	Products & Services	27
10	Client Stories	29
11	Innovation Through IT	32
12	Human Resource Department	35
13	Internal Audit	40
14	Compliance & Risk Management	42
15	Finance and Accounts	43
16	Auditor's Report	47
17	The Future	52
18	Leadership Team	54







# Company Information

## Board of Directors:

- Dr. Naseer Muhammad Nizamani (Chairman)
- Ms. Sabiha Shah
- Dr. Khadim Hussain Lakhia
- Mr. Naval Vaswani
- Ms. Maleeha Humayun Bangash
- Dr. Allah Nawaz Samoo
- Mr. Ali Abbas Sikander

## Management Team:

- Mr. Sono Khangharani (Chief Executive Officer)
- Ms. Parsa Pathani (General Manager Operations)
- Mr. Narumal (Senior Manager Human Resource)
- Mr. Kalaram Hamirani (Assistant General Manager Finance)
- Mr. Muhammad Faisal Shafi (Chief internal Audit)
- Mr. Khalid Akhtar (Head of Product Development)
- Mr. Ghulam Muqtada (Head of Information Technology)
- Mr. Narendhar Samerani (Senior Manager Finance)
- Mr. Mukesh Kumar (Manager Alternative Delivery Channel and Technology)
- Mr. Teerath Das Essrani (Manager Payroll)
- Mr. Yasmeen Ali Kapri (Manager Administration Logistic & Legal)
- Mr. Asmat Ali (Manager Internal Audit Function)
- Mr. Arslan Ahmed (Manager Compliance)
- Mr. Ayaz Hussain Soomro (Manager Special Product & Projects)
- Mr. Imran Khoso (Senior Monitoring Officer)

## Board Committees: HR Committee

- Mr. Naval Vaswani (Chairperson)
- Mr. Ali Abbass Sikander
- Ms. Sabiha Shah

## Audit & Risk committee.

- Ms. Maleeha Humayun Bangash (Chairperson)
- Dr. Khadim Hussain Lakhia
- Dr. Allah Nawaz Samoo

## IT Committee

Mr. Ali Abbass Sikander  
Dr. Allah Nawaz Samoo

## General Body:

- Dr. Naseer Muhammad Nizamani (Chairperson)
- Dr. Khadim Hussain Lakhia
- Ms. Sabiha Shah
- Mr. Naval Vaswani
- Ms. Maleeha Humayun Bangash
- Dr. Allah Nawaz Samoo
- Mr. Ali Abbass Sikander

# Company Information

## Bankers:

- Habib Bank Limited
- United Bank Limited
- MCB Bank Limited
- National Bank of Pakistan
- JS Bank Limited
- Telenor Microfinance Bank
- Allied Bank Limited
- Mobilink Microfinance Bank Limited

## Debt Partners:

- Thardeep Rural Development Program
- Pakistan Microfinance Investment Company
- Habib Bank Limited
- JS Bank Limited
- MCB Bank Limited
- LSOs

## Network Partners:

- Pakistan Microfinance Network
- Microfinance Exchange – MiX
- Micro-Credit Summit Campaign

## Social Media Presence:

- Facebook: [thardeepmicrofinancefoundation](#)
- Twitter: [thardeepmf](#)
- LinkedIn: [thardeepmf](#)
- Youtube: [www.youtube.com/thardeepmf](http://www.youtube.com/thardeepmf)

**Company secretary:** Mr. Bhurji Waghani

**Auditors:** Crowe Hussain Chaudhury & Co. Chartered Accountants

**Legal Advisor:** M/s Azam Choudhary Law Associates

**Tax Advisor:** EY Ford Rhodes Chartered Accountants

**Registered office:** Near Old Naka, Noukot Road, Mithi District Tharparkar, Sindh, Pakistan.

**Telephone:** (+92-232) 261237, (+92-232) 261250 | **Website:** [www.tmf.org.pk](http://www.tmf.org.pk)

# Outlook 2023

The year 2023 began amidst turbulence in the international financial system, marked by persistent increases in interest rates. This instability primarily impacted Microfinance Banks (MFB) and, to a lesser extent, Microfinance Institutions (MFI), underscoring the interconnected nature of global finance and the potential ripple effects for MFIs worldwide amid dwindling trust in traditional banking systems.

Despite limited integration with mainstream global banking, MFIs anticipate encountering operational hurdles amid escalating inflation, interest rates, and sluggish economic growth. Sovereign risks loom large over vulnerable regions, amplifying debt servicing costs and posing challenges to refinancing opportunities.

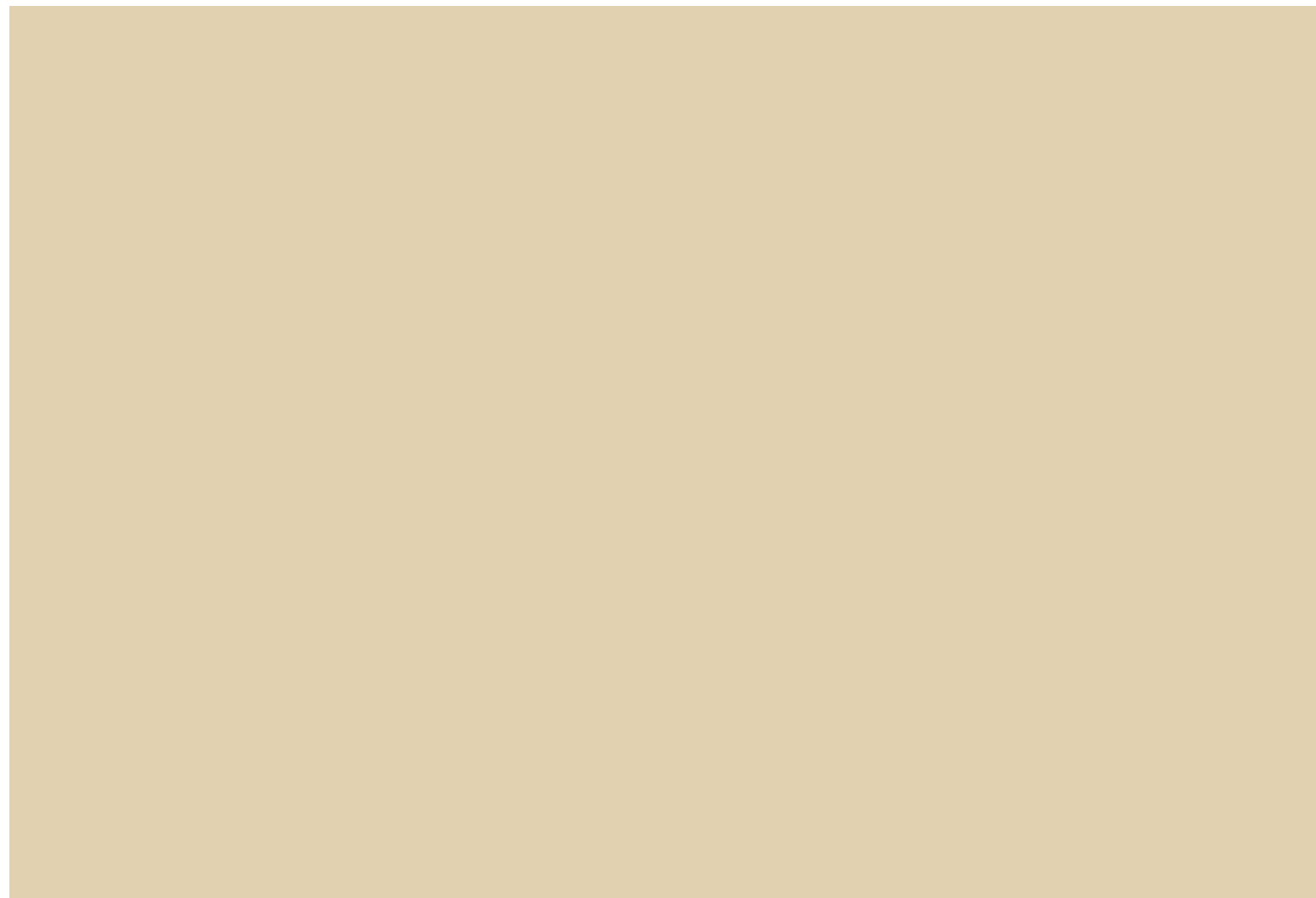
TMF's portfolio has exhibited resilience against macroeconomic adversities over the past year; however, the sustainability of this resilience remains uncertain. Regional economic projections indicate relatively robust performance in the Hyderabad region, driven by anticipated growth in areas like Sukkur and Tharparkar. Nevertheless, the aftermath of the 2022 flooding in Pakistan, coupled with ongoing financial and economic crises, is expected to elevate poverty levels, particularly in vulnerable districts of Sindh, leading to increased demand for microfinance services.

The potential for portfolio expansion is heavily reliant on the availability of liquidity. While investor deliberations continue, TMF foresees a notable decrease in portfolio size for 2024. Nonetheless, a strategic shift towards a gender-smart investment strategy offers promise for bolstering growth prospects over the next two years.

In summary, 2023 presents a myriad of challenges and opportunities for TMF and the broader microfinance sector. Successfully navigating economic uncertainties while aligning with evolving impact strategies is imperative for fostering sustainable growth and effecting positive social change within the communities served.









# INTRODUCTION

# INTRODUCTION

Thardeep Microfinance Foundation (TMF) was established in 2016 as a Non-Banking Finance Company with a specific focus on addressing poverty and facilitating access to finance in the Sindh province. Originating as a spin-off from TRDP, TMF operates under the legal framework of a micro-financial service provider, registered exclusively under section 42 of the Companies Ordinance 2017. Our reach extends across 19 districts in Sindh, catering to a substantial client base of over 76,450 active individuals.

Dedicated to upholding the social mission of TRDP, TMF operates with a commitment to financial inclusion while striving for self-sustainability, thereby reducing reliance on donor funds. Operating in challenging terrains, TMF continually endeavors to enhance service quality cost-effectively, ensuring impactful transformations in the lives of our clients.

Our primary objective is to empower unbanked and underserved micro-entrepreneurs by offering accessible microfinance services and eliminating the stringent requirement of collateral. Through a range of tailored financial products and services, we aim to equip our clients with the necessary knowledge and skills to fulfill their financial aspirations, alleviate poverty, foster self-reliance, and foster sustainable development within their communities.

At TMF, we recognize the importance of personalized assistance and doorstep service delivery, ensuring convenience and accessibility for our clients. By facilitating access to finance, we aim to catalyze income-generation opportunities for micro-entrepreneurs, thereby contributing to economic growth and social upliftment at the grassroots level.

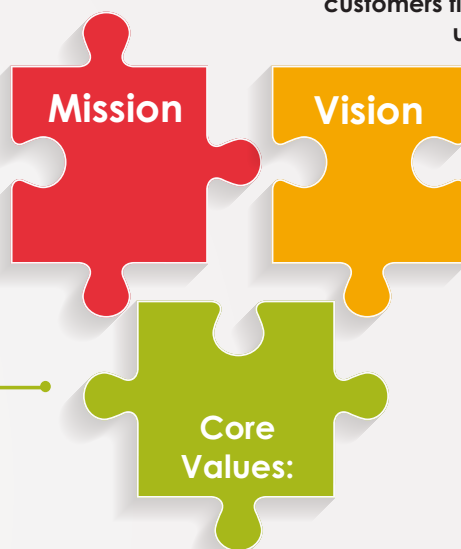




# About Thardeep Microfinance Foundation

We are dedicated to the highest quality of customer financial inclusion services delivered with a sense of warmth, friendliness, individual pride, and company spirit.

Highly regard a diversified sense of value and humanity, recognizing potential, challenges difficulties, cultivating organizational power, and enhancing efficiency. We are committed to putting our customers first by grasping the real issues and understating the situations it works.



**Client-Centric Focus:** At Thardeep Microfinance Foundation (TMF), our paramount goal is to consistently surpass the expectations of our valued customers by delivering services that inspire confidence and trust. We prioritize sensitivity, consideration, and responsiveness in our interactions and social engagements, ensuring a positive experience for every individual we serve.

- 1. Trustworthiness and Integrity:** TMF stands firm on the pillars of integrity and reliability, embodying unwavering moral principles in all our endeavors. We are committed to fostering mutual respect in our relationships with clients and stakeholders, upholding honesty and dependability as core values guiding our actions.
- 2. Performance Excellence:** Cultivating a culture of performance excellence, TMF acknowledges and rewards both individuals and teams based on demonstrable achievements. We place significant emphasis on dedication, accountability, and tangible results, driving continuous improvement and success.
- 3. Innovation and Progression:** At TMF, we embrace innovation as a catalyst for progress, constantly seeking to introduce novel ideas, methods, and practices to enhance the delivery of our products and services. We foster a dynamic environment that encourages creative thinking and the exploration of innovative solutions to meet evolving client needs effectively.

**Social Responsibility and Impact:** TMF is deeply committed to social responsibility, conducting business ethically, and actively contributing to the betterment of lives, communities, and societies in which we operate. We prioritize initiatives that promote social welfare, economic empowerment, and sustainable development, recognizing our integral role in creating positive societal impact beyond financial services provision.

# Operational Outreach

Thardeep Microfinance Foundation (TMF) operates with a comprehensive outreach strategy designed to extend our services to marginalized and underserved communities across the 19 districts including the challenging terrains of Sindh province. Our outreach operations are guided by a steadfast commitment to financial inclusion and poverty alleviation, ensuring that even the most remote individuals have access to much-needed microfinance services.

At TMF, we employ a multifaceted approach to outreach, leveraging a combination of innovative technology, community engagement, and strategic partnerships to expand our operational reach. We recognize the importance of understanding the unique needs and circumstances of each community we serve, which is why our outreach efforts are tailored to address local challenges and opportunities effectively.

One of the key components of our outreach strategy is the establishment of branch offices and service points in geographically dispersed areas, bringing financial services closer to the doorsteps of our clients. Through these physical locations, equipped with trained staff and necessary infrastructure, we ensure that individuals in remote villages and towns have access to a range of microfinance products and resources.

In addition to brick-and-mortar locations, TMF utilizes mobile banking technology and digital platforms to reach clients in areas where physical presence may be limited. Mobile banking services allow us to overcome geographical barriers and provide convenient access to financial services, empowering clients to conduct transactions, access credit, and manage their finances using their mobile phones.

Furthermore, TMF actively engages with local communities through outreach programs, awareness campaigns, and capacity-building initiatives aimed at promoting financial literacy and entrepreneurship. By partnering with community leaders, local organizations, and government agencies, we foster trust, collaboration, and ownership within the communities we serve, ultimately strengthening our outreach efforts and impact.

Through our comprehensive outreach operations, TMF remains steadfast in our mission to empower micro-entrepreneurs, uplift communities, and drive sustainable development across Sindh province. We are dedicated to reaching the unreached, bridging the gap between financial exclusion and economic opportunity, and creating lasting positive change in the lives of our clients and their communities.

# Operational Outreach



# Operational Outreach

**Organizational Chart:** supervised by the Board and its Committees including Internal Audit Department, the organogram chart of Thardeep Microfinance Foundation (TMF) provides a visual representation of the organizational structure and key operational functions within the institution. It outlines the hierarchical arrangement of departments, roles, and responsibilities, facilitating efficient coordination and execution of TMF's core activities.

**Executive Leadership:** At the top of the operational chart is the executive leadership team, consisting of the Chief Executive Officer (CEO) and other top-level executives. This leadership group sets the overall strategic direction, vision, and goals for TMF, overseeing all aspects of the organization's operations.

**Operations Department:** The Operations Department is responsible for the day-to-day management and implementation of TMF's microfinance services. This department includes sub-units such as:

**Branch Operations:** This team manages the various branch offices and service points, ensuring smooth functioning and efficient delivery of services at the grassroots level.

**Credit Management:** Responsible for assessing creditworthiness, disbursing loans, and managing the credit portfolio to mitigate risks and ensure repayment.

**Customer Service:** Focuses on addressing client inquiries, resolving issues, and maintaining high levels of client satisfaction.

**Finance and Administration:** This department oversees TMF's financial management, budgeting, accounting, and administrative functions. It includes sub-units such as:

**Financial Planning and Analysis:** Responsible for budgeting, financial forecasting, and performance analysis to support strategic decision-making.

**Accounting:** Manages financial transactions, record-keeping, and financial reporting in compliance with regulatory requirements.

**Human Resources:** Handles recruitment, training, payroll, and employee relations to ensure a skilled and motivated workforce.

**Risk Management and Compliance:** Ensures that TMF operates within regulatory frameworks and manages various risks associated with microfinance operations. This department includes:

**Risk Assessment:** Identifies, assesses, and mitigates operational, financial, and regulatory risks to safeguard TMF's assets and reputation.

**Compliance:** Ensures adherence to legal and regulatory requirements, industry standards, and internal policies and procedures.



# Operational Outreach

**Technology and Innovation:** Focuses on leveraging technology to enhance TMF's operational efficiency, reach, and impact. This department may include:

**Information Technology (IT):** Manages IT infrastructure, systems, and applications to support TMF's operations and digital initiatives.

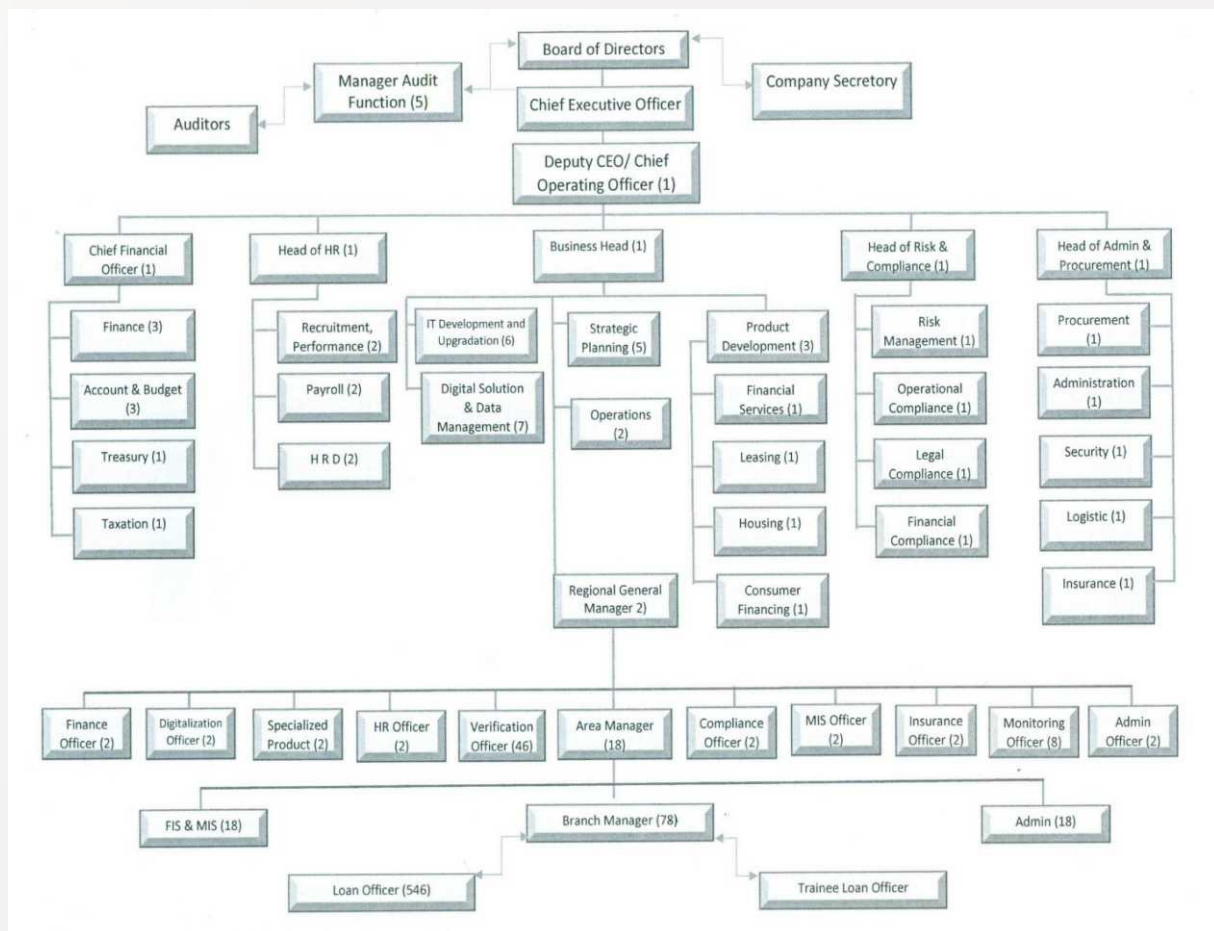
**Innovation and Product Development:** Drives the development of new products, services, and delivery channels to meet evolving client needs and market demands.

**Monitoring and Evaluation:** Responsible for assessing the effectiveness and impact of TMF's programs and interventions. This department conducts:

**Impact Assessment:** Measures the social and economic impact of TMF's microfinance services on clients and communities.

**Performance Monitoring:** Tracks key performance indicators (KPIs) to evaluate the efficiency, effectiveness, and sustainability of TMF's operations.

Overall, the operational chart of TMF illustrates the interconnectedness of various departments and functions working together to achieve the organization's mission of promoting financial inclusion, poverty alleviation, and sustainable development in Sindh province.



# Chairperson Message

*Dear Esteemed Members,*

As we traverse through these challenging times, I am filled with unwavering confidence that TMF will continue to uphold its esteemed legacy, steadfastly serving and advancing the microfinance sector, just as it has always done. Despite the hurdles encountered during the past fiscal year, particularly with the emergence of the COVID-19 pandemic, and the havoc presented by devastating floods, our organization has demonstrated remarkable resilience.

I am delighted to share that as of June 2023, TMF's Gross Loan Portfolio (GLP) reached an impressive milestone of PKR 3.6 billion. This significant achievement stands as a testament to the unwavering dedication and perseverance of our esteemed team and Board members who have stood united in our mission for societal betterment.

Furthermore, I am pleased to announce that TMF has actively engaged with funding from PMIC and other reputable institutions over the past year. Our collaborative efforts have yielded positive outcomes, including the endorsement of interest-free loans for youth entrepreneurs by the honorable Prime Minister. This endorsement has bolstered confidence among financial institutions, resulting in increased lending to TMF.

Throughout the year, TMF has proactively addressed various challenges encountered within the microfinance sector, including repayment issues, high attrition rates, and funding challenges. Our proactive approach has involved conducting advocacy campaigns and fostering constructive dialogue with stakeholders to navigate these challenges effectively.

Looking ahead, TMF remains steadfast in its commitment to enhancing the digital ecosystem, imparting financial literacy training through digital channels, and expanding our initiatives in critical areas such as affordable housing, renewable energy, water, and sanitation. We are determined to focus on standards development, capacity building, and fostering robust state-level interactions and dialogue.

I extend my heartfelt appreciation to all our esteemed Board members for their unwavering dedication and invaluable contributions toward advancing TMF's mission of strengthening communities through financial inclusion. Your active engagement and involvement serve as our greatest assets, and I am confident that together, we can foster a stable and prosperous financial inclusion culture within our nation.

*Warmest Regards,*  
**Dr. Naseer Muhammad Nizamani**  
TMF Chairman

# CEO Message

*Dear Esteemed Colleagues,*

As we reflect on the past year's journey, I am deeply grateful for the steadfast support and guidance provided by our esteemed Board, which has been instrumental in navigating TMF through unprecedented challenges, including the COVID-19 pandemic and the devastating floods of 2022. Despite these adversities, our management team remained actively engaged with TMF creditors, ensuring uninterrupted microfinance activities during these trying times.

I am heartened to note that many of our strategic recommendations, aimed at establishing new operational paradigms for our team, have come to fruition. From addressing liquidity threats to adopting a conservative approach by senior loan fund-providing institutions, and effectively managing Portfolio at Risk (PAR) levels, our proactive measures have played a pivotal role in sustaining TMF's operations.

I extend my sincere gratitude to PMIC, PMRC, HBL, MCB, SBP, and other stakeholders for their acknowledgment of TMF's pivotal role in advancing financial inclusion across the country. Their unwavering support has been instrumental in our journey towards creating a more inclusive financial landscape.

This year marked a significant shift in TMF's approach with the introduction of online "Best Practices" capacity-building workshops, focusing on critical industry topics such as Compliance, Risk Management, and HR best practices. These sessions witnessed widespread participation from various management cadres, underscoring our commitment to continuous learning and development.

As the COVID situation gradually improves, our field staff at TMF have resumed their activities, including compliance checks, management meetings, and field visits. Despite encountering challenges, particularly among some board members, our localized advocacy efforts have contributed to stabilizing emerging hotspots and addressing management distress effectively. Moreover, this year witnessed heightened visibility during the Board meetings for TMF, particularly regarding our sector analysis reports, innovative initiatives such as the Client Assessment data, and our active engagement in policy-level dialogues aimed at fortifying the inclusive finance sector.

Looking ahead, we are poised to redouble our efforts in core areas such as client engagement, policy advocacy, client protection, regulatory compliance, and research & analysis. These endeavors, guided by the Board and its committees, will be aimed at delivering impactful and meaningful outcomes for TMF clients, furthering our social mission, and contributing to the sector's growth.

In closing, I express my profound appreciation to the Board and its committees for their invaluable guidance and unwavering support. Together, let us forge ahead with renewed determination and commitment to advancing financial inclusion and societal well-being.

*Warm regards,*  
**Sono Khangharani**  
CEO, TMF

# Board of Directors:

The Board of Directors at Thardeep Microfinance Foundation (TMF) plays a pivotal role in guiding the strategic direction and governance of the organization. Comprising a diverse group of experienced professionals, community leaders, and subject matter experts, the Board brings together a wealth of knowledge, skills, and perspectives to ensure TMF's operations are aligned with its mission and values. Led by a Chairperson, the Board provides oversight and accountability, setting policies, approving budgets, and monitoring performance to uphold the highest standards of integrity, transparency, and fiduciary responsibility. Through regular meetings, deliberations, and decision-making processes, the Board collaborates closely with TMF's executive leadership team to navigate challenges, seize opportunities, and advance the organization's objectives in promoting financial inclusion, poverty reduction, and sustainable development in Sindh province. Committed to promoting social impact and empowering marginalized communities, the Board of Directors serves as stewards of TMF's mission, ensuring that its operations positively impact the lives of those it serves while maintaining the organization's long-term sustainability and effectiveness.



**Dr. Naseer Muhammad Nizamani**

Chairman

Dr. Naseer Muhammad Nizamani, Chairman of Thardeep Microfinance Foundation (TMF), is a distinguished professional with extensive expertise in program management, research, and education in health systems and international development. Holding degrees in medicine, public health from Harvard University, and rural development, Dr. Nizamani has held key positions in prestigious institutions like Aga Khan University Pakistan and served with leading international organizations such as Save the Children and UNICEF. With over 28 years

of experience, he has effectively managed public health programs and research initiatives funded by organizations like DFID and the World Bank. With a 22-year association with Thardeep Rural Development Programme (TRDP), Dr. Nizamani's visionary leadership as Chair of both TRDP and TMF has been instrumental in driving impactful initiatives aimed at improving health systems and fostering sustainable development in rural areas, reflecting his unwavering commitment to the welfare of marginalized populations.



**Ms. Sabiha Shah**

Director

Sabiha Shah, hailing from Karachi's Lyari, has overcome adversity to become a beacon of determination and leadership. Inspired by her father's commitment to community development, she pursued higher education and emerged as a vocal advocate for women's rights. For 15 years, she has been a dedicated member of both Thardeep Rural Development Programme (TRDP) and Thardeep Microfinance Foundation (TMF), where her dynamic leadership and passion for gender equality have made a significant impact.

Sabiha's unwavering dedication to social development has brought positive change to her community and serves as an inspiration to others.



**Ms. Maleeha Humayun Bangash**

Independent Director

Ms. Maleeha Humayun Bangash possesses over two decades of distinguished international leadership experience across Singapore, Pakistan, and Turkey, specializing in asset management, corporate banking, and marketing. Demonstrating prowess in formulating strategies, conducting negotiations, and establishing international franchises, she excels in business development and strategic planning. Her pivotal roles in launching offices for international financial advisory firms and local asset management firms underscore her expertise

in market entry and expansion. Furthermore, her extensive involvement as a Member/Commissioner in advocacy, research, and mergers and acquisition review has cultivated a valuable network with regulatory bodies, ministries, and private sector leaders. Notably, as Chief Strategy Officer in a prominent local asset management company, she has driven growth through strategic planning implementation. Additionally, her tenure as Executive Vice President and Chief Strategy Officer in another organization highlights her proficiency in revenue growth, structured investment solutions, and business alliances. Ms. Bangash's significant contributions to Pakistan's mutual fund industry are evident through her active participation in professional committees and her role as Chairman of the MUFAP Election Commission, reflecting her steadfast commitment to the sector's growth and advancement.



# Board of Directors:



**Mr. Naval Vaswani**

Independent Director

Mr. Naval Vaswani is a seasoned professional with over 21 years of extensive experience spanning telecommunications, media services, and strategic leadership. Beginning his career at SAZTEL Communication and later as an Electronics Engineer at LG Electronics, he demonstrated technical prowess early on. Notably, Mr. Vaswani spent 13 years at Pakistan Telecommunication Company Ltd (PTCL), holding leadership roles in technology, marketing, HR, and strategy. His tenure saw him spearhead numerous strategic initiatives, setting industry

benchmarks and driving organizational efficiencies. With stints as Country Manager at AGP-Pakistan and Advisor at Harvard Business Review (HBR), he showcased adaptability across different sectors. Known for his analytical acumen, problem-solving abilities, and exceptional customer relations, Mr. Vaswani's visionary leadership has been pivotal in fostering positive change and innovation throughout his career.



**Dr. Khadim Hussain Lakhia**

Director

Dr. Khadim Hussain Lakhia, an esteemed medical professional holding an MBBS degree, boasts a distinguished career in both governmental and developmental spheres. Notably, he served as the Executive District Officer Health in the Sindh Health Department, overseeing pivotal health initiatives and policies at the district level. Additionally, as Administrator of LUMHS Jamshoro, he effectively managed medical institution operations. Dr. Lakhia's commitment extends beyond government roles, as he actively engages in rural development

and social work in Sindh, coordinating and implementing projects funded by prestigious organizations such as the World Bank and Asian Development Bank. With a 14-year tenure at TRDP, where he serves as a Board of Director member for both TRDP and TMF, Dr. Lakhia's expertise in health, rural development, and social work significantly contributes to guiding organizational objectives. His dedication to improving community well-being underscores his impactful contributions to Sindh's socio-economic landscape.



**Dr. Allah Nawaz Samoo**

Independent Director

Dr. Allah Nawaz Samoo is a seasoned professional with over two decades of diverse experience across the development, corporate, and government sectors in Pakistan. Notably, as the Chief Executive Officer of Thardeep Rural Development Program (TRDP), he has spearheaded the organization's evolution from a relief-focused initiative to a holistic rural development program. Before his tenure at TRDP, Dr. Samoo served as the Managing Director at the Elementary Education Foundation, Government of Khyber Pakhtunkhwa,

where he successfully implemented reform and change management initiatives. His contributions extend to the Pakistan Poverty Alleviation Fund, where he served as General Manager of Institutional Development, focusing on institutional strengthening and capacity building. Dr. Samoo has also lent his expertise to the World Bank-supported technical assistance on the Thar Coal and Power Project, providing vital support to the Government of Sindh. With his extensive experience managing the National Commission for Human Development (NCHD) and involvement in various nationwide development initiatives, Dr. Samoo has established himself as a leader committed to driving positive change and progress across Pakistan.



**Mr. Ali Abbas Sikander**

Independent Director

Mr. Ali Abbas Sikander is a highly experienced professional in the financial and banking sectors, specializing in e-business, customer solutions, revenue generation, and innovative financial solutions. Renowned for his exceptional vision, strategy, and leadership skills, he excels in developing high-performing teams and systems in competitive environments. With expertise in Payments, Microfinance, and Transactional Banking, Mr. Ali Abbas delivers tangible results and adds value to organizations through his technical and commercial

acumen. Recognized as an award-winning leader, he navigates complex business landscapes with tenacity and adaptability, driving operational performance. His innovative approach and personable demeanor make him a trusted advisor and subject matter expert. Overall, Mr. Ali Abbas Sikander is a dynamic professional known for delivering results through strategic leadership, technological advancements, and collaborative partnerships, making him an asset to any forward-thinking organization.

# INTRODUCTION

## Key Highlights of FY22-23

No. of Districts	19
No. of Branches	73
Provided Financial Assistance of PKR 35.6 billion	Served to 1,219,335 Clients
Outstanding Portfolio PKR 3,689.04 million	Total 76,450 Active Clients
The average loan size is PKR 79,814	Averagely 188 clients are managed by Micro Finance Officer
<b>Total Assets of</b>	<b>Net Assets of</b>
PKR million 6392.77	PKR million 354.362
Cost of Funds Ratio 18.11%	Yield on Portfolio 34%
Portfolio at risk 4.92%	



# How We Performed – Operations, HR, IA, IT, Compliance, Special Products & projects, Administration Logistics and Legal Department

## Our Operational View (as of June 2023)

Number of Districts	19
Number of Clients Served	1,219,325
Number of Branches	73
Number of Employees	648

## Disbursement

The disbursement plan from July 2022 to June 2023 aimed to serve a total of 59,313 clients, with an allocated amount of PKR 5,546,724,035. However, the actual disbursement during this period was lower, with 44,241 clients receiving a total disbursed amount of PKR 3,531,046,423. This discrepancy between the planned and actual disbursements was due to various factors such as changes in client demand, eligibility criteria, operational constraints, and liquidity shortages. Despite the variance, the disbursement activities remained substantial, indicating a significant level of financial support provided to clients within the specified timeframe.

## Product-wise Disbursement

Product wise Disbursement	Client	Amount
Agriculture Loan	1,594	112,576,600
Enterprise Loan	32,506	2,597,090,584
Livestock Loan	8,102	464,498,104
Housing	247	86,113,000
Renewable Energy	271	30,803,000
*Others	1,521	239,965,135
<b>Grand Total</b>	<b>44,241</b>	<b>3,531,046,423</b>

\*Others: Marriage loan, salary loan, Education Loan



## How We Performed –

Operations, HR, IA, IT, Compliance, Special Products & projects,  
Administration Logistics and Legal Department

### Area-wise Outstanding Loan Portfolio (OLP)

Area Name	Active Borrowers	OLP
Badin Area	6,387	328,248,400
Dadu Area	8,931	379,384,392
Digri Area	6,159	338,081,784
Hyderabad Area	6,049	287,547,010
Islamkot Area	5,935	213,928,542
Khairpur Area	623	110,593,938
Kunri Area	6,235	285,919,635
Larkana Area	1,540	157,384,349
Mehar Area	9,413	384,557,046
Mithi Area	2,864	151,039,949
Nawab Shah Area	5,558	228,934,772
Sanghar Area	6,339	272,218,651
Sukkur Area	498	93,526,461
Umerkot Area	9,919	458,085,834
<b>Grand Total</b>	<b>76,450</b>	<b>3,689,450,763</b>





## How We Performed –

# Operations, HR, IA, IT, Compliance, Special Products & projects, Administration Logistics and Legal Department

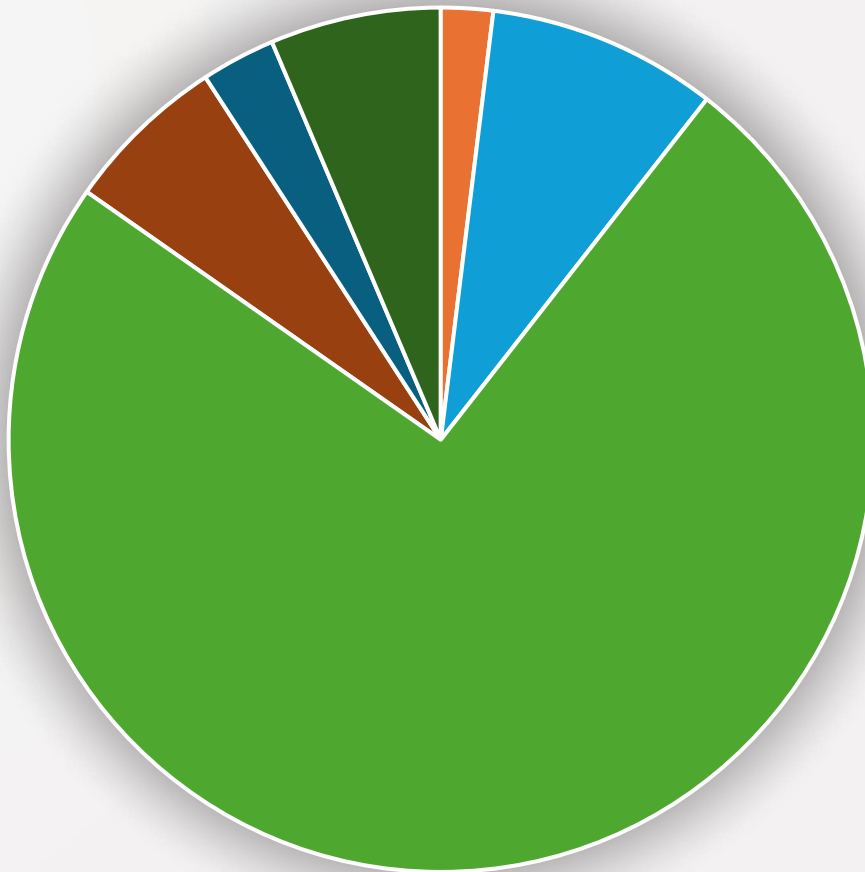
### Recovery

#### July 2022 to June 2023

During the period from July 2022 to June 2023, the total recovery due amounted to PKR 3,664 million for principal and PKR 1,058 million for markup. However, the actual amount recovered during this reporting period was slightly lower, with PKR 3,355 million recovered for principal and PKR 988 million recovered for markup.

The recovery rate indicates the effectiveness of the organization's efforts in collecting outstanding dues from clients. In this case, the high recovery rate of 91.60% suggests that the organization has been successful in recovering a significant portion of the amounts due from clients, both in terms of principal and markup. This reflects positively on the organization's financial management practices, its communication, and engagement with clients, as well as the overall effectiveness of its loan repayment processes.

While the actual recovery amounts were slightly lower than the total due, the recovery rate indicates a robust and proactive approach to managing loan repayments, ultimately contributing to the financial sustainability and stability of the organization.



■ Agriculture ■ Livestock ■ Enterprise ■ Housing ■ Renewable Energy ■ \*Other

\*Others: Marriage loan, salary loan, Education Loan

## How We Performed – Operations, HR, IA, IT, Compliance, Special Products & projects, Administration Logistics and Legal Department

### Product-wise Collection

Product-wise Collection	Amount
Agriculture	83,098,360
Livestock	362,334,432
Enterprise	3,249,289,950
Housing	261,946,259
Renewable Energy	119,654,039
Other	268,383,350

### Insurance

TMF is offering insurance facility to its clients for which TMF has partnered with TPL & EFU life insurance company. TMF insured over 47,492 and settled over 141 death claims.



A broad category-wise distribution of portfolio is given below:

Product-wise Cumulative Disbursement	Client	Amount
Agriculture	139,431	2,972,914,850
Enterprise	670,605	21,293,483,384
Livestock	378,001	9,000,348,354
Housing	10,888	932,843,500
Renewable Energy	8,812	501,653,0000
Other	11,588	915,469,135
<b>Total</b>	<b>1,219,325</b>	<b>35,616,712,223</b>

# Administration Logistics and Legal Department

## Administration Logistics and Legal Department

The department is vital in supporting and facilitating the company's operations. It is responsible for overseeing daily operations, ensuring that everything runs smoothly and efficiently. By maintaining an organized and safe work environment, the administration department helps to create optimal working conditions for all employees.

Generally, the department is responsible for the following:

**Overseeing Day-to-Day administrative matters:** The department ensures that daily activities are conducted without interruptions, coordinating between departments to maintain workflow.

**Maintaining Office Supplies and Equipment:** This involves managing the inventory of office supplies, ensuring that essential items such as stationery, paper, and other materials are always available. The department is also responsible for the upkeep and maintenance of office equipment, including computers, printers, vehicles, and telecommunication devices, ensuring they are in good working condition.

**Organizing the Work Environment:** The administration department ensures the workspace is clean, well-organized, and conducive to productivity. This includes managing the layout of office spaces, organizing common areas, and ensuring that the environment meets safety and health standards.

**Facilitating Communication and Coordination:** The department acts as a central point for communication within the company, helping to disseminate information and coordinate activities among various departments.

**Supporting Administrative Tasks:** The department handles various administrative tasks such as scheduling meetings, managing correspondence, and maintaining records and files. This support allows other departments to focus on their core functions without being bogged down by administrative duties.

**Legal:** It has been handling the company's legal matters and keep its record up to date.





# Special Products & Projects

Renewable Energy	Number of Loans	Amount
Solar Home Based	205	26,350,000
Solar Plug & Play	487	16,119,120
Solar Lights	291	611,880
Total	983	43,081,000

During the period from July 2022 to June 2023, Thardeep Microfinance Foundation (TMF) made significant strides in advancing renewable energy access through its loan programs. A total of 983 loans were disbursed, amounting to PKR 43,081,000, across three categories of solar products: Solar Home-Based, Solar Plug & Play, and Solar Lights.

The Solar Home-Based loans, totaling PKR 26,350,000, directly empowered clients by providing them with financial support for solar energy systems installed in their homes. Conversely, Solar Plug & Play systems, totaling PKR 16,119,120, were installed at clients' homes, offering them a reliable source of electricity. Notably, each Solar Plug & Play system generates an average of 90 watts of energy, resulting in a cumulative energy generation of 43,830 watts. This initiative not only enhances household electricity access but also promotes sustainable energy utilization within the communities served by TMF.

Furthermore, TMF financed Solar Lights amounting to PKR 611,880 through other loan products, further extending energy access to clients. This multifaceted approach to renewable energy financing underscores TMF's commitment to promoting energy access and sustainability while empowering individuals and communities.

Through these initiatives, TMF continues to play a pivotal role in driving positive socio-economic change, fostering resilience, and enhancing the quality of life for underserved populations. By leveraging renewable energy solutions, TMF not only addresses energy poverty but also contributes to environmental conservation and sustainable development in the regions it serves.



# Special Products & Projects

## Water Purifiers Project For Flood Affected People of Sindh and Baluchistan “September – October 2022”

Province	District	Allocated Units	Household
Sindh	Umerkot, Tharparkar, Badin and Mirpurkhas	500	500 “125 each district”
Baluchistan	Dera Allahyar and Usta Muhammad	1,000	1,000 “500 each district”

A total of 1500 units were distributed 500 units in Sindh and 1000 units in Baluchistan provinces. A total of 82% water purifier units were distributed to women in both Provinces.

To tackle the situation, the National Bank of Pakistan and Thardeep Microfinance Foundation together designed this project for flood-affected people, seeking to find sustainable, yet economically and socially practical solutions to the problems associated with polluted water. For this, NBP provided donations of PKR 6 million to TMF for 1500 flood-affected households to implement the project in Sindh and Baluchistan provinces. The NBP also hired vendor PakVitae for this project to provide access to clean drinking water solutions.

The main objectives of this project had to distribute filters that:

- Effectively remove bacteria and other contaminants from drinking water,
- Easy for flood-affected people to use,
- No cost to users,
- Inspire users to practice good hygiene,





# Special Products & Projects

## Business Revival for Flood-Affected Clients Nov 2022 - Feb 2023 Grant distribution mechanism

TMF's IT team developed an in-house application called the "Business Revival Initiative Grant" to facilitate the grant distribution process. The application uses biometrics for client identification, and clients' information is collected in real-time.

To receive the grant, clients had to visit the nearest TMF branch, where they received a transaction ID for the amount. All clients received the grants through the bank's cash over-the-counter mechanism.

## Project Achievement

Plan			Achievement			
Product	Number of Clients	Grant Amount	Number of Clients	Grant Amount	% age in Client	% in Amount
Enterprise	250	5,000,000	250	5,000,000	100%	100%
Livestock	250	7,500,000	250	7,500,000	100%	100%
Total	500	12,500,000	500	12,500,000	100%	100%

The 100% target was achieved within the project timeline.

The total grant disbursed was PKR 12.5 million, and it was awarded to 500 clients. Of these clients, 415 were female and received PKR 10.08 million, while 85 were male and received PKR 2.42 million. Overall, 81% of the grant was disbursed to female clients, while 19% was disbursed in male clients."



# Special Products & Projects

## Livestock Insurance Project

Animals	Number of Animals	Total Value
Large	90	5,511,000
Small	535	12,058,000
<b>Total</b>	<b>625</b>	<b>17,569,000</b>

During the year, a total of 625 animals were insured for a sum of PKR 17,569,000. This includes 90 large animals insured for PKR 5,511,000 and 535 small animals insured for PKR 12,058,000.

## Death Claims Settlement

Number claims	42
Claim Amount	1,065,800

During the year, 42 death claims were submitted, totaling an amount of PKR 1,065,800, of which 28 claims were from previous years, amounting to PKR 710,000. These claims were awarded to LS Insurance clients.



# Products & Services

Thardeep Microfinance Foundation (TMF) has made significant strides in its mission to provide inclusive financial services to underserved communities, demonstrating a strong commitment to hiring and retaining top talent while embracing digitalization to adapt to evolving business landscapes.

Offering both individual and group lending methodologies tailored to the livelihoods of its customers, TMF stands out for its ability to customize financing structures to meet borrowers' specific needs. With a diverse portfolio of products and services, TMF empowers a wide range of clients to achieve their financial aspirations, grow their businesses, and enhance their quality of life within their communities.

## **TMF's product offerings include:**

### **Agriculture Loan:**

Addressing the needs of rural communities heavily reliant on agriculture, TMF provides loans for Rabi and Kharif crops, enabling small landowners and sharecroppers to procure agricultural inputs directly. Despite challenges such as drought and fluctuating market prices, TMF has disbursed PKR. 2.8 billion as of June 2023 to support agricultural activities.

### **Education Loan:**

Fostering educational advancement, TMF offers loans to finance educational expenses for children from kindergarten to Class 12, as well as for young individuals pursuing undergraduate degrees. The education loan covers various expenses such as school fees, renovations of private schools, and purchasing school assets, with disbursements totaling PKR. 110 million as of June 2023.

### **Enterprise Loan:**

Supporting entrepreneurship, TMF extends loans to business owners for working capital and asset enhancements, facilitating the expansion of enterprises. The Enterprise Loan program has seen significant growth, with disbursements amounting to PKR. 18.9 billion as of June 2023.

### **Housing & House Repair Loan:**

Addressing the housing needs of low to middle-income households, TMF offers financial assistance for house construction, repair, and land purchase. Disbursements in the housing and house repair sector reached PKR. 846 million as of June 2023.

### **Livestock Loan:**

Recognizing the importance of animal husbandry, TMF provides loans to small-scale farmers for livestock rearing and purchase, serving as an asset base and financial security. Disbursements in the livestock sector amounted to PKR. 8.5 billion as of June 2023.

### **Alternate Energy Loan:**

Catering to energy needs in rural areas, TMF offers renewable energy loans to address electricity shortages, enabling clients to fulfill household energy requirements and power their enterprises. Disbursements in the alternate energy sector totaled PKR. 470 million as of June 2023.

### **Consumer Financing:**

TMF provides consumer finance solutions with flexible terms and easy installments, facilitating access to essential goods and services. Disbursements in consumer financing amounted to PKR. 495 million as of June 2022.

### **Insurance:**

Partnering with TPL insurance company, TMF offers insurance facilities to provide financial protection to its clients, settling over 103 death claims and insuring 54,758 individuals. Through its comprehensive range of products and services, TMF remains steadfast in its commitment to empowering communities, fostering financial sustainability, and promoting self-reliance.



# Products & Services

A broad category-wise distribution of the portfolio is given below:

Product	Client	Amount
Agriculture	137,837	2,860,338,250
Enterprise	638,099	18,696,392,800
Livestock	369,899	8,535,850,250
Housing	10,641	846,730,500
Renewable Energy	8,5414	70,850,0000
Other	10,06767	5,504,000
<b>Total</b>	<b>1,175,084</b>	<b>32,085,665,800</b>





# Stitching Dreams



## GENI BAI

**G**eni Bai, a 44-year-old mother of five from Umerkot, vividly remembers the struggles her family faced living in poverty, dwelling in a small hut made of wood and leaves. Despite her husband's modest income from running a donkey cart, it was barely enough to sustain their household expenses. With two of her eldest daughters married off due to difficult circumstances and her son and daughter pursuing education, Geni harbored a passion for sewing, envisioning it as a potential livelihood.



# Stitching Dreams

“Through eleven loan cycles and strategic investments in sewing machines and livestock, Geni's monthly family income skyrocketed from five thousand to sixty thousand rupees, transforming their quality of life.”

However, financial constraints prevented her from acquiring a sewing machine, an essential tool for her trade. Undeterred, Geni turned to Thardeep Microfinance Foundation (TMF) for support in realizing her dream. With TMF's assistance, she applied for a loan of rupees ten thousand to purchase a sewing machine, and the process was smooth, accommodating her financial capacity.

Equipped with her new sewing machine, Geni's venture began to take shape as she offered stitching services to her community. Over time, her clientele expanded, and so did her income. With prudent saving habits, she was able to purchase a rickshaw for her husband, who now earns a steady income operating it. Furthermore, she utilized her savings to build a sturdy brick house for her family, significantly improving their living conditions.

Through eleven loan cycles and strategic investments in sewing machines and livestock, Geni's monthly family income skyrocketed from five thousand to sixty thousand rupees, transforming their quality of life. Her success story not only underscores the transformative impact of microfinance but also highlights TMF's role in empowering individuals to achieve sustainable livelihoods and economic stability.



# Transforming Homes

## RAZIA

“ Razia aspired to improve her family's living conditions but faced financial constraints. Turning to Thardeep Microfinance Foundation for assistance, she obtained a loan of rupees 350k in 2021 to construct an additional room.

”



Razia, a mother of five, faced a challenging situation after her husband's sudden demise six years ago. Despite the setback, she took on the responsibility of providing for her family, with her eldest son employed at Pepsi Company and her younger son working on a contract basis in the agriculture department.

Living in a single-room house, Razia aspired to improve her family's living conditions but faced financial constraints. Turning to Thardeep Microfinance Foundation for assistance, she obtained a loan of rupees 350k in 2021 to construct an additional room. As the construction progressed, Razia experienced a significant improvement in her family's living standards.

Following the successful completion of the room construction and the repayment of the initial loan, Razia sought another loan of rupees 300k for repairing and maintaining her house. This strategic financial assistance not only enhanced their living conditions but also increased the property's value, showcasing the positive impact of microfinance in addressing essential housing needs and promoting financial stability within communities.



# Innovation through IT

## Exploring the Rise of Alternative Delivery Channels in Modern MFI Practices

In today's rapidly evolving MFI landscape, the shift towards Alternative Delivery Channels (ADC) has been nothing short of transformative. IN TMF, ADC encompasses a range of digital platforms and channels through which customers interact with TMF, including online services, mobile client acquisition apps, and more. This shift has been accelerated by technological advancements, changing consumer preferences, and the convenience offered by digital solutions.

One of the key indicators of this shift in TMF is the significant increase in ADC usage observed among customers. Throughout 2023, this trend became increasingly pronounced, with ADC transactions comprising a substantial portion of total transactions at TMF. This surge in ADC usage not only reflects changing customer behaviors but also underscores the importance of digital channels in modern microfinance operations.

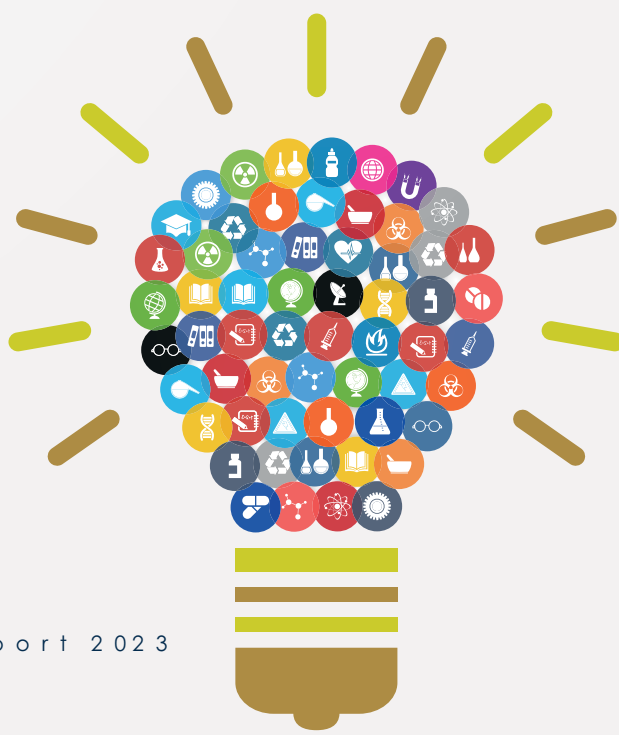
During the specified period, ADC transactions at TMF accounted for ----- percent of the total transactions, surpassing the volume of physical transactions conducted at its traditional branches. This statistic highlights the growing preference among customers for digital channels over traditional brick-and-mortar services and cash handling by the employees. Moreover, it signifies the success of TMF in adapting to the evolving needs of its clientele by providing robust and user-friendly digital banking solutions.

Several factors have contributed to the rapid adoption of ADC among customers. Firstly, the widespread availability of smartphones and internet connectivity has facilitated seamless access to digital banking platforms. Additionally, the convenience and flexibility offered by ADC, such as 24/7 accessibility and the ability to perform transactions from anywhere, have further incentivized customers to embrace digital channels. Moreover, the ongoing COVID-19 pandemic has accelerated the adoption of contactless banking solutions, with many customers prioritizing safety and hygiene concerns.

The surge in ADC usage has not only reshaped customer interactions but has also influenced TMF operations and strategies. Financial institutions like TMF have been compelled to invest in digital infrastructure, cybersecurity measures, and customer support services to ensure a seamless digital banking experience. Furthermore, the data generated through ADC transactions has become invaluable for other service providers, providing insights into customer behavior, preferences, and trends, which can inform targeted marketing strategies and product development initiatives.

While the rise of ADC presents numerous opportunities for MFI, it also poses certain challenges. Cybersecurity threats, data privacy concerns, and the need for continuous technological innovation are some of the key challenges that MFI must navigate in the digital era. However, by leveraging advanced technologies such as artificial intelligence and blockchain, MFI can enhance the security and efficiency of their digital channels while delivering personalized and frictionless experiences to customers.

The ascent of Alternative Delivery Channels represents a fundamental shift in the TMF paradigm, with digital platforms becoming the primary mode of interaction between customers and TMF. As evidenced by the significant increase in ADC usage at TMF, customers are increasingly embracing digital solutions for their convenience, accessibility, and flexibility. To remain competitive in this digital age, we must continue to innovate, adapt, and prioritize the evolving needs and preferences of their clientele in the realm of digital solutions.



# Innovation through IT

## DIGITAL TRANSFORMATION THROUGH LEARNING AND DEVELOPMENT

In 2023, TMF made significant investments in an ERP system tailored for staff capacity development, an in-house total system designed to integrate all Learning and Development (L&D) processes seamlessly. This bespoke system empowers our staff to access their learning roadmap and activities from their personal mobile or tablet devices, regardless of their location. Moreover, new hires participating in onboarding training can immediately engage with their learning activities from their first day.

The adoption of this robust digital learning platform has facilitated self-directed learning, empowering individuals, and their managers to monitor and enforce learning progress effectively. It also allows for the maintenance of comprehensive learning records, facilitating timely and accurate reporting.

TMF recognizes the importance of keeping end-users informed about systems, new products, and services. The L&D team collaborates closely with the IT department's Subject Specialists (SEs) to educate our business partners, including clients. Approximately 400 members of our sales force have received training on various technologies and tools, including guidelines, methodology, and digital functionalities such as loan appraisal forms, automated loans, credit scoring, integration with other service providers, early warning systems (EWS), cross-selling tools, and operational reports. Additionally, key staff members receive refresher training on system enhancements.

Acknowledging the pivotal role of business leaders in staff development and performance improvement, TMF introduced real-time coaching in 2022. The coaching framework, derived from current options and future needs, equips branch officers and area managers with essential IT skills and fundamental coaching techniques. Other staff members undergo learning and e-learning programs to prepare them for coaching by their managers.

TMF has successfully integrated recruitment, performance management, talent management, and succession planning into a comprehensive HCM system named TMFHRM. This digitalization initiative streamlines processes, reduces paperwork, and saves time for the Talent Acquisition team. The system's advanced capabilities elevate performance management, making it more accessible and convenient for both line managers and staff. Furthermore, the unified talent management and succession planning modules facilitate the identification, development, and monitoring of high-performing staff and potential talents. The seamless connectivity of HR processes throughout the entire employee lifecycle enhances human capital management effectiveness.



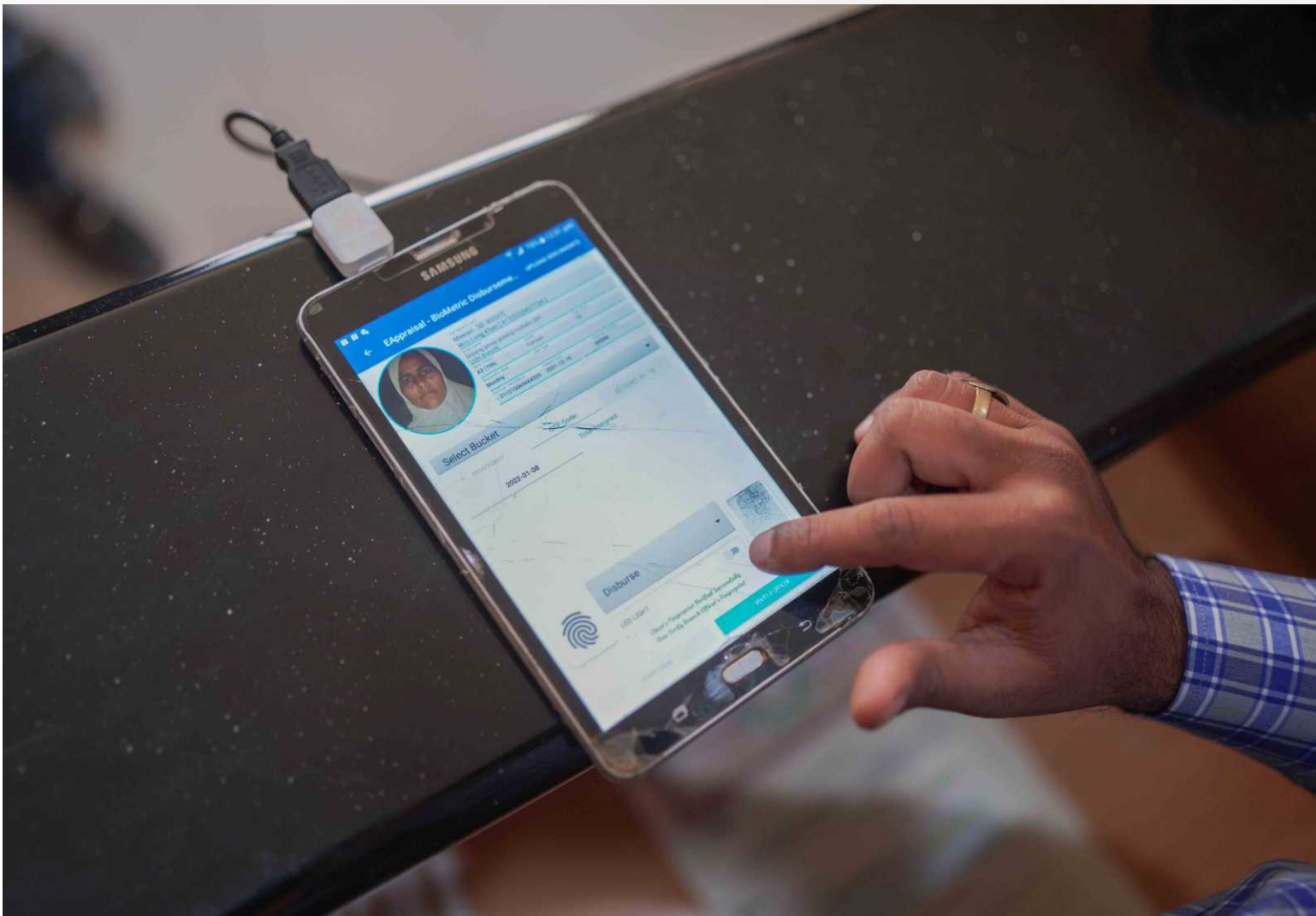
# Innovation through IT

## DIGITAL TRANSFORMATION

In 2023, Thardeep Microfinance Foundation (TMF) made significant strides in advancing its digital solutions to enhance business performance.

Firstly, TMF implemented the digitization of its commercial processes by providing mobile tablets to its commercial staff. These tablets are equipped with internally developed and managed applications, empowering the commercial staff to boost productivity and efficiency. This initiative enables quicker and more effective client service while enhancing operational governance. Through these mobile solutions, TMF's credit officers can now carry out their tasks remotely, including creating loan applications and offering tailored products and services. These digital solutions are an integral part of TMF's digital roadmap and were swiftly implemented due to the dedicated efforts of its teams and ongoing investments in robust digital infrastructure and platforms.

Secondly, recognizing the growing demand for digital products and services in the microfinance sector, TMF has made a significant investment in a new mobile banking platform with advanced capabilities. TMF's new Mobile Banking platform is poised to position the organization strongly in the market by delivering enhanced products, services, and client experiences. The upgraded platform is faster and smarter, boasting exciting new features such as instant payments, fund transfers, digital loan applications with instant disbursements, and comprehensive account management functionalities. TMF's digital app is highly scalable and flexible, facilitating rapid deployment of new products, services, integrations, and features. This agility ensures faster time-to-market, critical for success in a digitally dynamic and competitive market environment.





# Human Resources Department

## Human Resource Department – TMF (July 2022 to June 2023)

The HR department of Thardeep Microfinance Foundation (TMF) plays a crucial role as a strategic partner in achieving organizational objectives and fostering a positive workplace culture. During the fiscal year 2022-2023, TMF implemented various initiatives to enhance employee engagement and satisfaction. These included recruitment activities, employee engagement initiatives, diversity and inclusion efforts, compliance with legal standards, and HR board committee meetings.

Recruitment activities focused on hiring 547 staff members across different regions and departments, with a strategic emphasis on quality over quantity. The recruitment process prioritized factors such as educational background, professional experience, communication skills, cultural awareness, and work ethic. TMF also made deliberate efforts to promote gender inclusivity, with 11% of the total recruits being female.

Employee engagement initiatives aimed to create a vibrant and inclusive workplace culture, fostering collaboration, professional growth, and a sense of belonging among employees. Various programs such as team-building activities, skill development workshops, recognition ceremonies, and wellness programs were implemented to achieve these objectives. Additionally, TMF solicited employee feedback through regular surveys, meetings, and feedback sessions to continuously improve HR policies and organizational strategies.

Diversity and inclusion efforts included monitoring and reporting of diversity metrics, with a specific focus on gender representation across various levels within TMF. These initiatives aimed to celebrate and promote diversity, creating a more inclusive work environment.

TMF also remained committed to compliance with labor laws and addressed legal matters related to HR promptly and effectively. The organization's adherence to compliance standards and proactive resolution of legal issues underscored its commitment to ethical and legal excellence in HR practices.

Furthermore, regular HR board committee meetings were held to discuss HR updates, policies, procedures, and budget allocation. These meetings facilitated effective communication and decision-making within the HR framework, ensuring alignment with organizational goals and continuous improvement in HR operations.

In addition, TMF conducted online surveys to assess employee satisfaction, covering various aspects such as job satisfaction, compensation, manager satisfaction, opportunities for advancement, organizational culture, and staff turnover. These surveys provided valuable insights into employees' perceptions and helped inform strategies for enhancing employee engagement and satisfaction.

Overall, TMF's HR department demonstrated a commitment to excellence in human resource management, emphasizing employee engagement, diversity and inclusion, compliance with legal standards, and continuous improvement in HR practices.

Table 1: Workforce Comparison (July 2021-2022 vs. July 2022-June 2023)

Particulars	Number of Staff (July 2022-2023)	Number of Staff (July 2021-June 2022)
Male	578	708
Female	70	89
<b>Total</b>	<b>648</b>	<b>797</b>

This comparison highlights the changes in staff numbers over the reporting period, emphasizing the dynamic nature of the TMF workforce in response to evolving organizational needs and microfinance initiatives.

# Human Resources Department

## Overview of Training Programs:

Throughout the period from July 2022 to June 2023, TMF demonstrated a steadfast commitment to employee growth by conducting 14 comprehensive training programs, engaging a total of 336 participants. These initiatives encompassed both national training/exposure and in-house training.

Training Programs Comparison:

Training Type	Number of Participants (July 2022-June 2023)	Number of Participants (July 2021-June 2022)
International Training	-	4
National Training/Exposure	15	23
In-House Training	321	314
<b>Total</b>	<b>336</b>	<b>341</b>

The above comparison reflects a strategic alignment of training efforts over the two reporting periods, with a slight decrease in the overall number of participants. This adjustment may be attributed to a more focused and targeted approach, ensuring that training initiatives are tailored to specific needs and requirements.



# Human Resources Department

## Training Summary - July 2022 to June 2023:

1	Orientation Training Workshop for Loan Officers	158 new staff	Introduction to TMF, Team Communication, Finance, Career Development, Audit, and more.
2	CEO's Motivational Session	89 field staff and office-based staff	Addressing difficulties, Thinking out of the box.
3	Attachment of Regional Finance and MIS Officers	2 Finance & MIS officers	Understanding functions, Region-specific duties, FIS, MIS integration.
4	HR Workshop for Department Heads	18 department heads and section managers	Providing HR insights, Highlighting TMF's future.
5	In-House Training on Data Analysis with Power BI Tools	27 participants	Training on Microsoft's Power BI.
6	Leadership Responsibilities and Risk Management Session	20 area managers, branch officers	Leadership responsibilities, Risk management.
7	Workshop for Verification Officers	17 verification officers	Introduction to verification processes, Legal and compliance considerations.
8	AML/CFT Workshop in Karachi	2 Manager Risk & Compliance, and Assistant Manager Compliance	Discussion on AML/CFT.
9	Analyzing & Visualizing Data with power BI Tools in Lahore	4 GM Operations, IT Head, and Software Engineers	Training on Microsoft's Power BI.
10	ICAP Comprehensive Program for Internal Auditors	2 Internal Auditors	Audit skills enhancement, AML requirements, Professional ethics.
11	Director Education Program in Corporate Governance Leadership Skills	1 Chairperson of TMF Board HR Committee	Fulfilling Corporate Governance Leadership Skills requirements.
12	Finance Professionals Bootcamp by PMN in Karachi	4 AGM Finance, Manager Finance, Manager Account & Budget, In-Charge Regional Manager Sukkur.	Equipping finance professionals with tools, Industry best practices.
13	PMRC Training on Best Practices in Housing Finance	1 Manager Products/Special Projects	Capacity building on housing finance best practices, PMRC eligibility criteria.
14	Director Training Program in Lahore	1 CEO TMF	Equipping participants with essential skills for the modern business landscape.

# Human Resources Department

## Training Modules Manual Overview:

The Training Modules Manual for TMF staff offers a comprehensive overview of training sessions for various departments and roles. The manual is divided into 13 sections, each focusing on different departments and roles. The objectives are to develop employees' capabilities, offer growth opportunities, and provide in-house training. The sections include Orientation Workshop Training (OTW) for new employees, Training Courses for Branch Officers, Training Courses for Area Managers, Training Courses for Verification Officers, Two-day training for IT Staff, Training Courses for Finance & Accounts Officers, Compliance Officers, Human Resource Management, One-Day Training Course for Administration Staff, Training Courses for MIS Officers/Assistants, Training Courses for Internal Audit, and Training on Gender. The manual serves as a guide for trainers and provides handouts for participants.

**Table - 3: Staff Recruitment (July 2021 to June 2023)**

S. No	Location	Recruited Staff (July 2022-2023)	Recruited Staff (July 2021-2022)
1	Head Office	11	25
2	Mirpurkhas Region	203	290
3	Tharparkar & Badin	49	100
4	Sukkur Region	66	86
5	Hyderabad Region	218	108
Total		547	610

The above comparison reveals the recruitment activities over two fiscal years, highlighting a nuanced approach to meeting the workforce needs of different regions and functions within TMF. The decrease in total recruited staff from 610 to 547 reflects a strategic alignment with organizational requirements and an emphasis on quality over quantity.

**Table 3: Recruitment Statistics (July 2022 to June 2023)**

Total Number of Recruited Employees	Number of Female Employees	Job Positions Filled
547	60	Various positions for different regions, areas, branches, and head office .



# Human Resources Department

**Table 4: Recruitment Statistics (July 2021 to June 2022)**

Total Number of Recruited Employees	Number of Female Employees	Job Positions Filled
610	67	Various positions for different regions, areas, branches, and head office.

## Employee Engagement Statistics and Highlights:

Initiatives	Highlights
Team-building activities	Increased collaboration and camaraderie among teams
Training/Skill development	Enhanced professional growth opportunities
Recognition incentives	Acknowledgment of outstanding contributions
Regular surveys, meetings, and feedback sessions	Valuable insights for organizational improvements

## Compliance and Legal Matters Overview (2022-2023):

In the pursuit of maintaining ethical standards and upholding employee rights, TMF diligently addressed HR-related compliance issues and legal matters during the fiscal year. The annual HR report for 2022-2023 highlights the following key aspects:

- 1. Adherence to Labor Laws:** TMF remained committed to strict adherence to labor laws governing HR practices. This included a comprehensive overview of HR-related compliance issues, ensuring that all organizational processes align with legal standards.
- 2. Legal Matters Addressed:** Throughout the year, TMF proactively addressed any legal matters pertaining to HR. This involved a meticulous approach to addressing issues promptly and in accordance with legal requirements. These efforts are indicative of TMF's dedication to maintaining a workplace that operates within the bounds of legal frameworks, fostering trust and confidence among its workforces. The adherence to compliance standards, the proactive resolution of legal matters, and the integration of digital platforms underscore TMF's commitment to ethical and legal excellence in HR practices.

# Internal Audit

## Internal Audit

The internal audit function is a cornerstone of ensuring organizational integrity and maintaining high standards of quality in its operations. It works with five highly professionally qualified staff with a commitment to integrity and excellence, the internal audit team diligently conducts audits and delivers reports that provide valuable insights to management. These reports serve as a critical tool for decision-making, offering a comprehensive overview of the organization's performance and risk landscape.

Reporting administratively directly to the CEO and functionally to the Audit Committee of the Board underscores the importance and independence of the internal audit function. This reporting structure ensures transparency and accountability at the highest levels of the organization, fostering a culture of trust and reliability.

Over the period from July 2022 to June 2023, the internal audit teams undertook extensive assessments, visiting various stakeholders including borrowers, branches, area offices, regional centers, and departments at the Head office. This comprehensive approach allows for a holistic understanding of the organization's operations and risk exposure across different levels and functions.

To effectively analyze the vast amount of data collected during these audits, the internal audit team leverages Power Query with Excel. This powerful tool not only facilitates efficient data management but also enables automation and documentation of the audit process. By harnessing the capabilities, the team can streamline workflows, enhance productivity, and ensure accuracy in their analyses.

Each team member is dedicated to enhancing the effectiveness of their reports, continually striving to provide valuable insights and recommendations for management decisions. The executive summaries presented to the Audit Committee undergo continuous improvement, incorporating feedback and guidance from the Committee to ensure relevance and clarity.

Moving forward, the internal audit function remains committed to upholding the highest standards of integrity, quality, and professionalism. By leveraging innovative tools and techniques, and maintaining a proactive approach to continuous improvement, the internal audit team will continue to add value to the organization and support its objectives with diligence and excellence.

From July 2022 to June 2023, Internal audit teams visited 1 500 borrowers, 83 branches, 16 area offices, 04 regions, and 09 departments at the Head office. Each team member has been preparing to make their reports effective and useful for management decisions. Executive summary for the Audit Committee has always been improving according to the instructions of the Committee from time to time.

## TMF Board Retreat



# Internal Audit

## Internal Audit Report Classifications

Based on the review of the matters highlighted in our reports, one of the following classifications are assigned to facilitate comparison between audit reports for a period.

We have concluded that the internal controls are Satisfactory in areas covered during the audit of reporting period.

### Classification

1. **Controlled:** The control structure is strong but may include some improvement opportunities. Recommendations are expected to be addressed by management.
2. **Satisfactory:** The control structure is adequate and there are no important control deficiencies, but there are a number of recommendations that should be addressed. Recommendations are expected to be addressed by management.
3. **Requires Improvement:** The control structure contains one or more important control deficiencies, or the number of recommendations is considered to be high. The deficiencies should be addressed immediately. The results of the audit are brought to the attention of upper management to ensure that adequate resources are provided to address the situation on a timely basis.
4. **Unsatisfactory:** The control structure is unacceptable with major control deficiencies. Immediate action on the part of local and upper management to address critical weaknesses is required.

## RISK MATRIX

		Highly Unlikely	Unlikely	Possible	Likely	Very Likely
Impact	Very High	High	High	High	Medium	Medium
	High	High	High	Medium	Medium	Medium
	Medium	High	Medium	Medium	Medium	Low
	Low	Medium	Medium	Low	Low	Low
	Very Low	Low	Low	Low	Low	Low
		Likelihood				
		Very High ■ High ■ Medium ■ Low ■ Very Low ■				



# Compliance and Risk Management

TMF places a strong emphasis on proactive risk management as a foundational element of its strategy. This commitment is reflected in the organization's robust risk culture, characterized by comprehensive risk management practices at all levels. Underpinning this approach is a governance structure that ensures close oversight by the Board, multi-tier management supervision, efficient systems, and clearly articulated policies and procedures. The Compliance and Risk Management Department (C&RM) plays a pivotal role in monitoring, assessing, and managing the organization's risk profile on an ongoing basis.

## **Key Risks:**

### **Natural Disaster:**

Pakistan's susceptibility to natural disasters poses a significant risk to TMF's operations, affecting the livelihoods of clients and their ability to repay loans. The organization has experienced a series of disasters, including droughts, floods, and the ongoing impacts of COVID-19. TMF is actively working internally and externally to mitigate the impact of these risks and uncertainties.

### **Credit Risk:**

TMF faces credit risk associated with lending to low-income individuals and small businesses. The organization has implemented a redefined lending strategy and revamped credit control procedures to ensure a healthy credit portfolio and mitigate potential losses.

### **Interest Rate Risk:**

Significant increases in interest rates pose a threat to TMF's profitability. Management and the Board closely monitor interest rate risk and periodically adjust lending rates to mitigate this risk.

### **Compliance and Regulation Risk:**

Non-compliance with laws, regulations, and codes of conduct can result in legal or regulatory sanctions and material losses for TMF. The compliance department ensures timely compliance with applicable guidelines and directives issued by regulatory bodies.

### **Liquidity Risk:**

Effective liquidity management is essential to ensure ongoing operations and meet financial obligations. TMF conducts periodic reviews of available liquidity and monitors funds to maintain optimal levels.

### **Reputational Risk:**

Risks to TMF's reputation can arise from activities or actions that impair its image with stakeholders. Various departments within the organization assess reputational risks associated with its activities to safeguard its interests.

### **Institutional Initiatives:**

The C&RM team is actively engaged in institutional initiatives aimed at developing responsible and responsive policies, realistic procedures, and adequate services that prioritize clients' interests. TMF remains vigilant in staying ahead of regulatory changes and adopts self-regulatory measures to ensure compliance and effective risk management. This approach is particularly relevant in times of economic and political uncertainty, such as the ongoing pandemic and economic recessions. By proactively managing risks and educating management and governance on performance trends and market risks, TMF remains resilient in the face of challenges and uncertainties.

# Finance and Accounts

## Overview of Financial Statements FY 2022-2023

During the fiscal year ending on June 30, 2023, TMF encountered several significant challenges that impacted its financial performance. These challenges included grappling with high inflation rates, a surge in staff turnover, and a sluggish economic recovery, all of which adversely affected the growth trajectory of the loan portfolio. Moreover, the organization faced the daunting task of complying with stringent laws about Money Laundering and Terrorist Financing, ensuring accurate provision of information to regulatory bodies such as the Federal Board of Revenue (FBR), and navigating the complexities surrounding IT upgradation.

Despite concerted efforts to address these challenges, TMF struggled to generate surpluses and witnessed a notable decline of 28% in equity growth compared to the previous fiscal year. The gross loan portfolio also experienced a decline of 3%, albeit an improvement from the preceding year's 16% decrease. This decline in the loan portfolio had a direct impact on the company's assets, although they still managed to grow by 9.5% overall.

Throughout the year, TMF undertook strategic initiatives to fortify its operational framework. This included providing comprehensive training programs for both staff and clients across various levels. Additionally, the organization capitalized on technological advancements by automating loan origination processes and implementing a digital credit system. The development of an inclusive Enterprise Resource Planning (ERP) system further streamlined operations, enhancing efficiency and customer service.

Examining TMF's financial report for the fiscal year 2022-2023 reveals a mixed bag of results. While there was an overall increase in assets by 9.5%, driven primarily by growth in current assets such as net loans and short-term investments, operating fixed assets experienced a decline of 12%. Liabilities saw a notable uptick of 13%, indicating a rise in short-term liabilities.

On the income front, TMF observed an 8% increase in total operating income, juxtaposed with a steep 18% rise in operating expenses. Despite a reduction of 27% in loan loss provision expenses, fund costs increased by 7%. The Portfolio at Risk (PAR) increased marginally from 5.25% to 4.92%, while the risk coverage decreased from 131.5% to 190.82%.

Considering this analysis, it becomes apparent that TMF needs to prioritize initiatives aimed at optimizing operating expenses and further reducing loan loss provision expenses to ensure sustainable financial health and long-term viability. Additionally, continued focus on compliance with regulatory requirements and leveraging technology to enhance operational efficiency will be critical in navigating future challenges and fostering growth.

## Balance Sheet

In the Fiscal year 2022-2023 overall Assets increased by 9.5% and stood 6,392.77M against last year were 5,834.16M. The major increase comes into Current Assets, which includes (Net loan, short term investment, accrued markup and short-term advances. The Net Loan Decreased by 1.7%, Short-term investment increased from 1125.821M to 1,146.663M which shows 1.85% growth as compared to Year ending June 2023.

Operating fixed assets decreased from 98.9M to, 87.3 which shows decrease of 12% against last year.

Total liabilities increased from 5343.98M to 6,038.41M, which shows 13% increase as compared to last year. This indicates that short-term liabilities increased as compared to last year.

# Finance and Accounts

## Income Statement

During the year 2022-2023, TMF accounted for an unappropriated deficit of PKR. 133.276M against the last year's surplus was PKR.19.356M this shows that the current year's net accumulated surplus decreased the equity by 28%.

The total operating income increased from 1162M to 1258M during the year 2022-2023, which shows an 8% increase against last year and operating expenses increased from 535.43M to 639.450M which shows a 19% increase. The overall operating expenses increased by 19% towards the Gross loan portfolio. Loan loss provision expenses decreased from 148.760M to 108.983 which shows a 27% decrease from last year.

The fund cost increased from 19% to 26 % which shows a 7% increase. It is due to the increase in to KIBOR rate in the year 2022-2023, which causes a reduction in the profitability of TMF.

In the Fiscal year 2022-2023 overall Assets increased by 9.5% and stood at 6,392.77M against last year were 5,834.16M. The major increase comes into Current Assets, which include (Net loans, short-term investment, accrued markup, and short-term advances. The Net Loan Decreased by 1.7%, Short-term investment increased from 1125.821M to 1,146.663M which shows 1.85% growth as compared to Year ending June 2023.

Operating fixed assets decreased from 98.9M to, 87.3 which shows decrease of 12% against last year.

Total liabilities increased from 5343.98M to 6,038.41M, which shows 13% increase as compared to last year. This indicates that short-term liabilities increased as compared to last year.

The total equity Decreased by 28% as compared to last year and stood at 352.362M against last year was 490.178M.





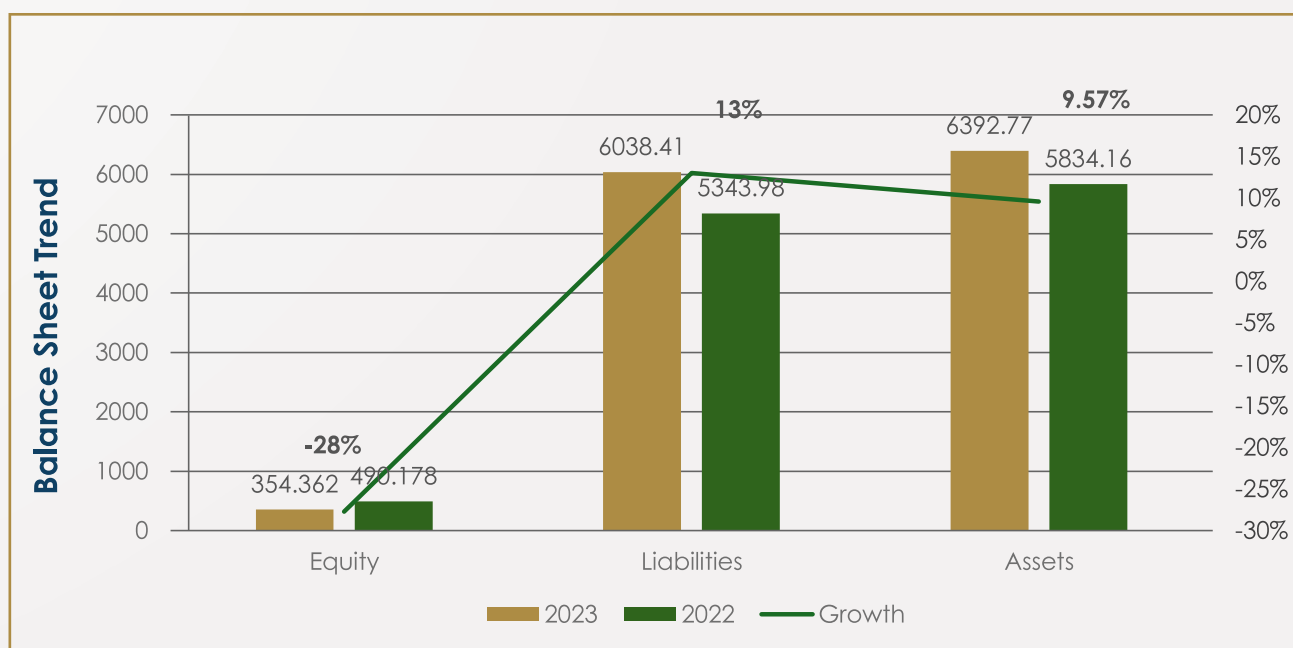
# Finance and Accounts

## Financial Change: 2022-2023 (Amount in PKR (millions))

30-Jun 2023	2023	2022	Change
Short Term Investment	1,146.663	1,125.822	1.85%
Gross Loan Portfolio	3,689.55	3,791.05	-3%
PAR	4.92%	5.25%	-6%
Risk Coverage	190.8%	131.5%	45%
Net Loan Portfolio	3,498.73	3,559.19	-1.7%
Total Assets	6,392.77	5,834.16	9.5%
Borrowings	5,107.17	4,518.50	13%
Total Liabilities	6,038.41	5,343.98	13%
Subordinated Loan	400	400	0%
Total Non-Markup/ Non-Interest Income	292.117	256.916	14%

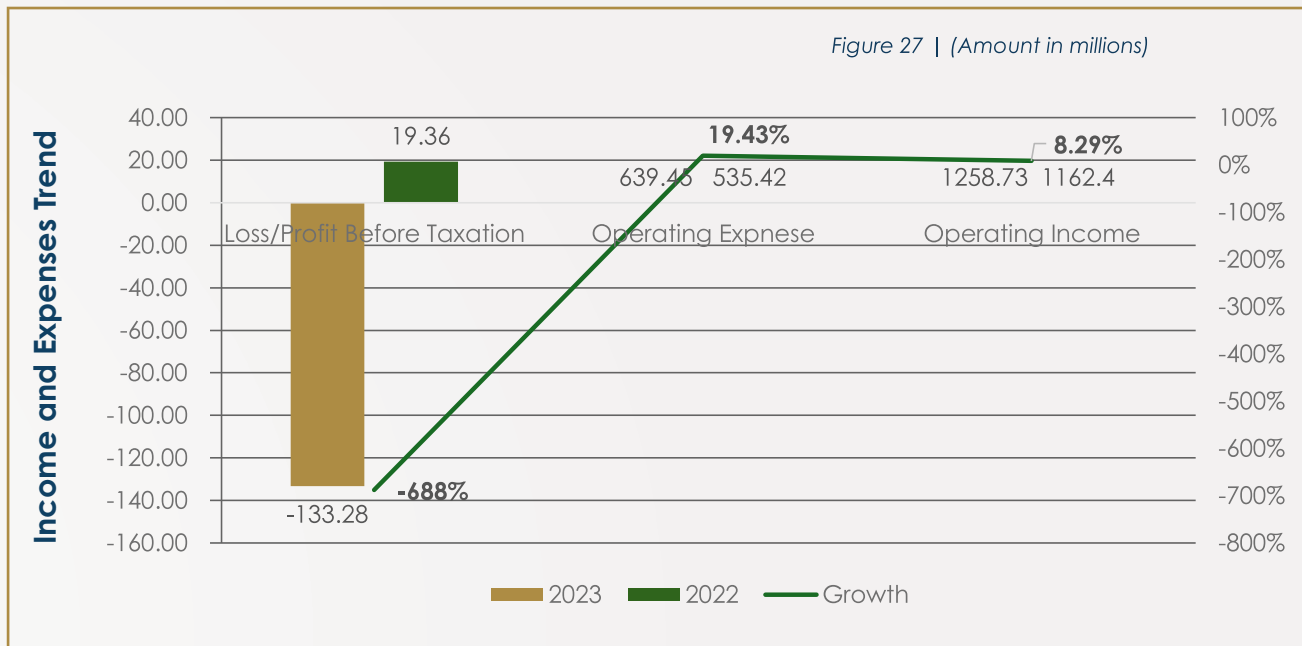
This table shows the major changes in Balance Sheet and Income Statement,

## Financial Trend Analysis (Amount in Millions)

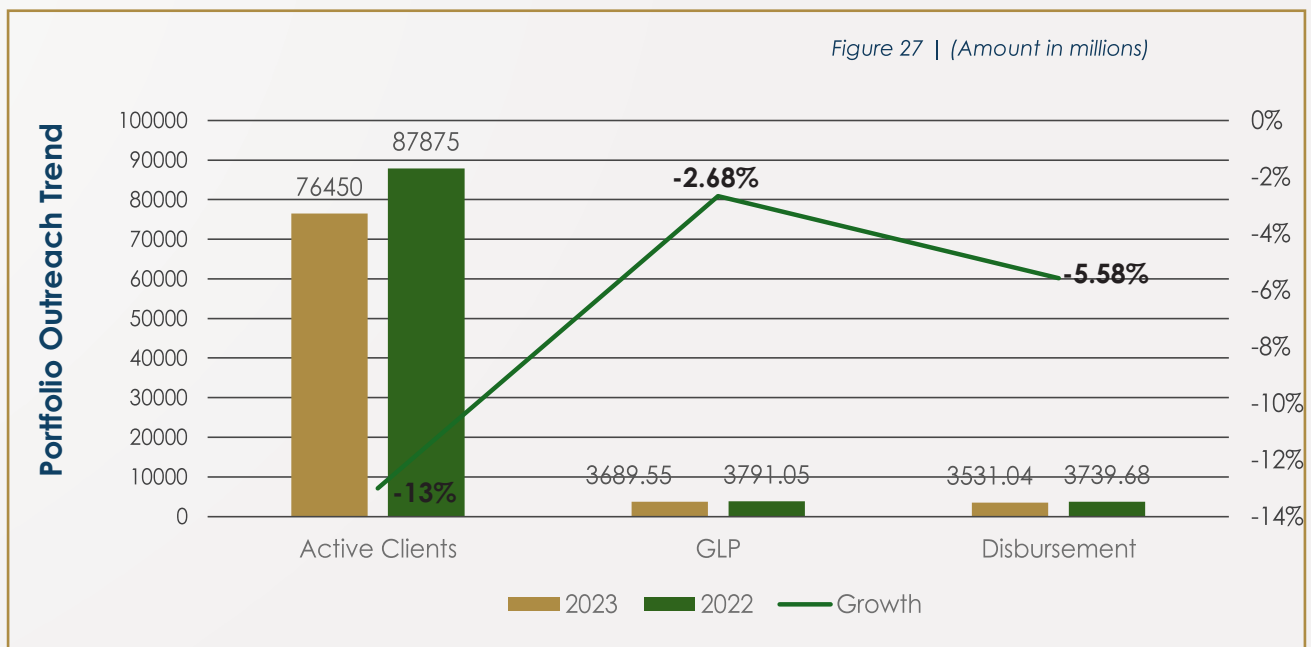


This shows the overall 9.57% Increase in Balance sheet.

# Finance and Accounts



This shows the Operating expenses and Operating Income relativity.



## **Independent Auditor's Report To the Board of Directors 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 30 June 2023 and statement of income and expenditure and statement 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 significant 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, statement of income and expenditure, statement of 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 30 June 2023 and of the profit and other comprehensive income, the changes in fund 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.

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 However, future





- 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**

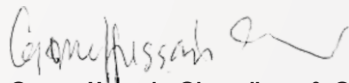
Based on our audit, we further report that in our opinion:

- 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).

#### **Other Matter**

The financial statements of the Company for the year ended 30 June 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 28 October 2022.

The engagement partner on the audit resulting in this independent auditor's report is Imran Shaikh. Goneffussanne



**Crowe Hussain Chaudhury & Co.**  
Chartered Accountants

Karachi

Date: 17 OCT 2023

**UDIN: AR202310207TBSbnU3W5**

**THARDEEP MICROFINANCE FOUNDATION**  
**(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

	Note	2023 ..... RUPEES .....	2022
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, and equipment	6	87,330,689	98,864,329
Intangible assets	7	-	-
Investment property	8	1,102,900	
Long term microfinance loan - net of provision	9	334,195,332	305,404,374
Long term loans and deposits	10	<u>12,649,212</u>	<u>11,294,981</u>
		435,278,133	415,563,684
<b>CURRENT ASSETS</b>			
Short term investments	11	1,146,662,887	1,125,821,599
Inventory	13	2,028,000	-
Microfinance loan - net of provision	16	3,164,534,873	3,253,788,293
Accrued markup	12	882,208,373	745,348,139
Other receivables	13	2,375,184	52,970,511
Advances, deposits and prepayments	14	32,680,015	24,259,327
Advance tax	17	88,138,682	64,840,848
Cash and bank balances	18	<u>638,864,634</u>	<u>151,565,039</u>
		5,957,492,648	5,418,593,756
		<u>6,392,770,781</u>	<u>5,834,157,440</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES AND FUNDS</b>			
<b>NON CURRENT LIABILITIES</b>			
Deferred capital grant	19	-	141,956
Deferred liabilities	20	115,076,914	97,819,388
Sub-ordinated loan	21	400,000,000	400,000,000
Long term loans	22	2,472,300,212	1,830,614,923
Lease liabilities	23	<u>30,341,594</u>	<u>38,841,686</u>
		3,017,718,720	2,367,417,953
<b>CURRENT LIABILITIES</b>			
Short term borrowings	24	1,338,782,207	1,232,782,207
Current portion of lease liabilities	23	2,367,417,953	31,475,824
Current portion of long-term loans	25	1,296,092,489	1,455,105,443
Accrued mark-up	26	258,181,610	160,310,640
Other liabilities	27	<u>93,298,170</u>	<u>96,887,409</u>
		3,020,690,028	2,976,561,523
		6,038,408,748	5,343,979,476
<b>TOTAL LIABILITIES</b>			
<b>FUNDS REPRESENTED BY</b>			
Reserves arising upon demerger		165,281,109	165,281,109
Loan loss reserve	28	90,538,524	90,538,524
Members contribution		300,000	300,000
Special loss reserve		967,842	967,842
Accumulated surplus		<u>97,274,558</u>	<u>233,090,489</u>
		354,362,033	490,177,964
<b>TOTAL LIABILITIES AND FUNDS</b>			
<b>CONTINGENCIES AND COMMITMENTS</b>	29		

The annexed notes from 1 to 49 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 PERIOD ENDED JUNE 30, 2023**

	Note	2023 .....RUPEES.....	2022
Financial income	30	1,258,730,886	1,162,407,447
Financial charges	31	<u>(914,441,035)</u>	<u>(566,860,977)</u>
Gross financial margin		344,289,851	595,546,470
Provision for doubtful loans	32	<u>(108,983,042)</u>	<u>(148,760,842)</u>
Gross operating margin		235,306,809	446,785,628
Micro finance programme and operating expenses	33	<u>(452,803,326)</u>	<u>(384,289,849)</u>
Administrative expenses	34	<u>(186,647,147)</u>	<u>(151,139,496)</u>
Amortization of deferred grant	19	141,956	1,925,322
Other expenses	35	<u>(21,250,000)</u>	<u>(148,915,478)</u>
Other income	36	<u>291,975,181</u>	<u>254,990,715</u>
(Deficit) / surplus before taxation		<u>(133,276,527)</u>	<u>19,356,842</u>
Taxation		-	-
Net (deficit) / surplus for the year		<u>(133,276,527)</u>	<u>19,356,842</u>

The annexed notes from 1 to 49 form an integral part of these financial statements.

CNC

  
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 PERIOD ENDED JUNE 30, 2023**

	2023	2022
	.....RUPEES.....	
RUPEES		
Net (deficit) / surplus for the year	(133,276,527)	19,356,842
Other comprehensive surplus/ (deficit)		
Items that will not be reclassified to income and expenditure statement subsequently		
Actuarial loss on remeasurement of post employment benefit plans		
Total comprehensive (deficit) / surplus for the year	<u>(2,539,404)</u> <u>(135,815,931)</u>	<u>(1,991,117)</u> <u>17,365,725</u>

The annexed notes from 1 to 49 form an integral part of these financial statements.

CNC



DIRECTOR



CHIEF EXECUTIVE OFFICER

# The Future

In the wake of challenges such as floods and inflation, which present significant hurdles for the overall microfinance industry, these adversities also serve as catalysts for innovation and adaptation. TMF embraces resilience-building measures, leverages technology, fosters collaboration, and maintains a steadfast commitment to client welfare. By doing so, TMF navigates the complexities of the post-crisis environment and emerges more resilient than before.



# The Future

## Embracing Digitalization and Operational Efficiency:

TMF is focused on digitalization and operational efficiencies to ensure long-term growth. By integrating advanced technologies, TMF aims to streamline its processes, enhance service delivery, and improve customer experiences. This focus on digital transformation aligns with the broader development agenda of the government and the United Nations' Sustainable Development Goals (SDGs).

## Expanding Financing Areas

The organization is committed to involving clients in financing areas beyond traditional credit, such as:

**Water and Sanitation:** Providing financial products that support access to clean water and proper sanitation facilities.

**Affordable Housing:** Offering loans for low-cost housing solutions to improve living conditions.

**Clean Energy:** Financing projects that promote the use of renewable energy sources, contributing to environmental sustainability.

**Health:** Supporting health-related expenses to improve overall well-being and reduce financial stress from medical costs.

## Livelihood Promotion and Skill Development

TMF places a strong emphasis on livelihood promotion and skill development. By offering training programs and resources, TMF empowers borrowers to enhance their skills, increase their income potential, and achieve financial independence. This initiative includes:

**Market Access:** Facilitating access to broader markets for borrowers' products and services.

**Digital Financial Literacy:** Educating clients on the use of digital financial services to ensure they can effectively manage their finances.

## Strengthening Partnerships and Collaborations

TMF acknowledges the critical support of its partners and is committed to building upon and expanding these collaborations. By working closely with stakeholders, including the Pakistan Microfinance Network (PMN) and its Member Institutions, TMF aims to refine and enhance its strategies on a national level. These partnerships are pivotal in driving collective progress and achieving shared goals.

### Vision for the Future

With a clear vision, determined leadership, and a highly motivated team, TMF is well-positioned to navigate uncertainties and capitalize on opportunities that lie ahead. By remaining agile, adaptable, and responsive to the evolving needs of its stakeholders, TMF is confident in its ability to sustain its growth momentum. The organization is committed to:

**Agility and Adaptability:** Continuously adapting to changing market conditions and client needs.

**Stakeholder Engagement:** Ensuring open communication and collaboration with all stakeholders to drive mutual success.

**Sustainability:** Prioritizing the sustainability of its products and services to ensure long-term impact and viability.

## Confidence in Continued Growth

Despite the challenges faced, TMF remains confident in its team and the investments made. The organization is determined to continue its growth trajectory while ensuring the sustainability of its offerings. The commitment, focus, and rigor demonstrated in FY 2022-23 provide a strong foundation for future endeavors. TMF is poised to emerge stronger and more resilient in the face of adversity, with a steadfast commitment to improving the lives of its clients and contributing to broader socio-economic development.

**the future.**

# Leadership Team



**Ms. Parsa Pathani**

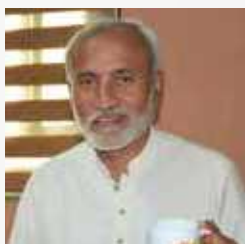
General Manager Operations | *A Role Model for Rural Women*

Ms. Parsa Pathani is an exemplary figure in the field of community development and microfinance in rural areas of Pakistan, with over 20 years of experience. She holds a degree from the University of Sindh and began her career with the School Nutrition Programme implemented by Karoonjhar Welfare Association Tharparkar in 1994. She has also worked with Allama Iqbal Open University for the Integrated Functional Literacy Programme (IFLP).

Ms. Pathani joined TRDP as an intern in February 1998 and has played a significant role in strategic initiatives such as shifting microcredit beneficiaries from men to women and transforming TRDP's Microfinance Program into an independent NBFC in 2016. Currently, she serves as the General Manager Operations, overseeing an important portfolio of Microfinance operations with more than 648 employees and a loan portfolio of over PKR 3 billion.

One of Ms. Pathani's notable achievements is the successful launch of digital financial inclusion through "Branchless Banking and Electronic Appraisal," making TMF the first microfinance institution in Pakistan to adopt such initiatives. This has facilitated access to financial services for women entrepreneurs, who constitute 70 percent of TMF's total portfolio. Her efforts in promoting women entrepreneurship in rural areas of Sindh have been recognized through awards such as the "Fatima Jinnah Presidential Medal 2010."

Ms. Pathani has also actively pursued learning opportunities nationally and internationally, participating in comprehensive trainings throughout her career. Her dedication, expertise, and commitment to empowering rural communities, particularly women, make her a role model in the microfinance industry and a driving force for positive change.



**Mr. Narumal**

Senior Manager HR

Narumal is a seasoned professional with a master's degree in business administration from the University of Jamshoro in the early nineties. He has accumulated thirty years of work experience with international and local charity and not-for-profit development organizations, including Save the Children UK and Thardeep Rural Development Programme.

Throughout his career, Narumal has gained a wide range of expertise in various areas, ranging from social mobilization at the grassroots level to senior management leadership in core functions such as Microfinance, Finance, and Human Resource. He is skilled in assessing training needs, designing diverse community-managed interventions, and delivering training in the field of microcredit management at the grassroots level.

Narumal also possesses exceptional skills in facilitating participatory planning, fine-tuning field interventions, and analyzing resources for rural credit management potential. His wealth of experience and knowledge in microfinance and community development has equipped him with the necessary skills to make a positive impact on rural communities and promote sustainable development through effective credit management strategies.

With his extensive experience and expertise, Narumal has played a significant role in implementing microcredit programs, empowering communities, and fostering economic growth in rural areas. His commitment to participatory approaches and community-led interventions has been instrumental in designing effective microcredit initiatives that address the unique needs and challenges of rural communities.



# Leadership Team



**Mr. Kalaram Hamirani**

Assistant GM Finance

The finance professional has over 14 years of experience in the field of finance and has been associated with TRDP (Thardeep Rural Development Programme) since 2004 when he joined as an accounts officer in the Micro-Credit section. Over the years, he has risen through the ranks and served as the Manager Finance in the micro-credit section of TRDP, making him one of the most senior members of the finance team.

With exceptional knowledge in finance, the finance professional has demonstrated strong leadership and decision-making skills, contributing to the success of the finance operations at TMF. His expertise in financial management, budgeting, and financial reporting has been invaluable in supporting the micro-credit programs and operations of TRDP.

Apart from holding an MBA in finance, the finance professional has also pursued several national and international training courses to further enhance his skills and knowledge in the field of finance. This commitment to continuous learning and professional development underscores his dedication to staying updated with the latest industry trends and best practices.

The finance professional's extensive experience, leadership skills, and sound financial acumen have played a crucial role in supporting the financial operations of TMF and contributing to the organization's overall success in delivering micro-credit services to rural communities.



**Mr. Muhammad Faisal Shafi**

Chief Internal Audit and Function

The professionally qualified individual holds certifications from ICMA (Institute of Cost and Management Accountants of Pakistan), ICSP (Institute of Corporate Secretaries of Pakistan), and PIPFA (Pakistan Institute of Public Finance Accountants) and has over 16 years of experience in the fields of audit, accounts, and audit firms.

Having a diverse background in both public and private sectors, the individual has previously been associated with Bolan Castings Limited as the Head of Internal Audit, Haider Shamsi & Co (an audit firm), and Trade Development Authority of Pakistan. This experience has provided the individual with a deep understanding of audit and financial management practices in various sectors, including manufacturing, audit firms, and government agencies.

With a solid foundation in auditing, accounting, and financial reporting, the individual brings a wealth of expertise in conducting internal audits, risk assessments, and ensuring compliance with regulatory requirements. The individual's experience in leading audit teams and managing complex audit engagements has been instrumental in enhancing internal controls and risk management processes in the organizations he/she has worked with.

The individual's professional qualifications from ICMA, ICSP, and PIPFA reflect a strong commitment to maintaining high standards of professional excellence and staying updated with the latest developments in the fields of audit, accounting, and finance. With a proven track record of delivering quality audit services and providing strategic financial insights, the individual's expertise has contributed to the success of the organizations he/she has served in the past.



**Mr. Asmat Ali**

Manager Audit and Function

Professionally qualified individual with MBA and CPA (Finalist) along with two International Certifications i.e CICA & CFRA from USA having around 14 years of experience in Internal Audit, Accounts and Finance. He has been associated with TMF since August 2016. Previously he was associated with ASA Pakistan Limited (A leading international Microfinance Institute) as Cluster Auditor and an NGO working on Social Development Sector at Sindh Agricultural and Forestry Workers Coordinating Organization, SAFWCO.

# Leadership Team



**Mr. Ghulam Muqtada**

Head of Information Technology Department

The IT professional has over 16 years of experience in developing and managing small to enterprise-level applications, system analysis, Management Information System (MIS), E-commerce, and Enterprise Resource Planning (ERP) solutions. The individual has a strong background in defining technical strategies that align with overall business objectives and supports efforts to develop and market technical solutions to both internal and external clients.

With a proven track record of working in diverse sectors, including government, civilian, and corporate stakeholders, the individual has gained extensive expertise in the IT field. Since joining TMF in 2012, the individual has been instrumental in leveraging technology to enhance microfinance operations and improve overall efficiency and effectiveness.

The individual's skill set includes software development, system analysis, database management, and project management. The individual has experience in developing and managing applications across different platforms and technologies and has a deep understanding of MIS and ERP solutions. The individual's expertise in E-commerce has also contributed to TMF's digital financial inclusion initiatives, enabling increased access to financial services for rural entrepreneurs, including women.

As a strategic thinker, the IT professional plays a crucial role in identifying and implementing IT solutions that support TMF's business objectives. This includes optimizing existing systems, implementing new technologies, and ensuring data security and privacy. The individual also collaborates with internal and external stakeholders to understand their requirements and provide technical solutions that meet their needs.

With a customer-focused approach, the IT professional works closely with TMF's clients, both internal and external, to understand their IT requirements and provide timely and effective technical support. The individual's expertise in developing and managing IT solutions has contributed to TMF's success in leveraging technology for microfinance operations and driving innovation in the field of financial inclusion.



**Mr. Mukesh Kumar**

Manager Alternative Delivery Channel and Technology

The individual is a graduate from the University of Sindh Jamshoro and started his professional career 16 years ago in 2008 by joining Thardeep Urban Micro Finance Program as a Database Officer. Over the years, the individual has been involved in various technological implementations, including the successful implementation of digital financial inclusion through "Branchless Banking and Electronic Appraisal" in Thardeep Microfinance Foundation.

As a Database Officer, the individual has been responsible for managing and maintaining databases, ensuring data integrity and security, and leveraging technology to streamline microfinance operations. The individual has played a crucial role in implementing digital financial inclusion initiatives, which have resulted in increased access to financial services for rural entrepreneurs, including women, through branchless banking and electronic appraisal methods.

The individual's expertise in technology has been instrumental in driving innovation in Thardeep Microfinance Foundation, enabling efficient and effective microfinance operations. The implementation of digital financial inclusion initiatives has not only improved access to financial services but has also contributed to financial empowerment and economic development in rural areas of Pakistan.

The individual's skills in database management, technology implementation, and digital financial inclusion have been valuable assets to Thardeep Microfinance Foundation, supporting their mission of promoting financial inclusion and entrepreneurship in rural areas. The individual's dedication to leveraging technology for social impact has made a significant difference in advancing the microfinance sector and promoting financial inclusion among marginalized communities.

# Leadership Team



**Ms. Yasmeen Ali Kapri**

Manager Administration Logistics & Legal

Ms. Yasmeen Ali Kapri is a highly experienced professional with over 13 years of working with rural communities. She holds a master's degree in economics from the University of Sindh and began her professional career as a Social Mobilizer in 2005. She has since then been closely involved with community organizations through her work with TRDP and Thardeep Microfinance Foundation (TMF) in various positions.

Ms. Yasmeen has a deep understanding of the challenges faced by rural women and has actively worked towards addressing those issues. She has attended several training courses to enhance her professional skills and broaden her understanding of the complexities of rural poverty. Her work has focused on various thematic areas, including Social Mobilization and Capacity Building, Health, Education, Micro-Credit, Enterprise Development, DRR (Disaster Risk Reduction), and WASH (Water, Sanitation, and Hygiene).

Currently, Ms. Yasmeen manages the portfolio of Administration, Logistics, and Legal at Thardeep Microfinance Foundation (TMF). Her expertise in these areas has been crucial in ensuring smooth operations and effective management of resources. She has established strong partnerships with community institutions, leveraging her experience and knowledge to empower rural communities and drive positive change.

Ms. Yasmeen's rich experience and commitment to social development, particularly in rural areas, make her a valuable asset to Thardeep Microfinance Foundation (TMF) and its mission to promote sustainable development and poverty alleviation. Her dedication to improving the lives of marginalized communities through her work in various thematic areas demonstrates her passion for creating positive social impact and addressing the challenges faced by rural communities.



**Mr. Khalid Akhtar**

Head of Product Development

Khalid Akhtar is a seasoned professional with over 16 years of experience in the field of microfinance and community development. He holds a master's degree in Sociology from the University of Sindh, which has provided him with a solid foundation for understanding the social dynamics of rural communities. He began his career as an Assistant Field Worker in 2002 with the "Tawana Pakistan Project" under the Thardeep Rural Development Programme (TRDP).

Throughout his career, Khalid Akhtar has held various positions in TRDP and Thardeep Microfinance Foundation (TMF) and has developed a deep understanding of the challenges faced by rural communities. He has been actively involved in working with community organizations to address these challenges and has played a key role in the expansion of microfinance services in rural areas.

Khalid Akhtar's expertise has been recognized internationally, as he has attended numerous national and international training courses to enhance his professional skills and deepen his understanding of rural poverty and its complexities. Currently, he serves as the Head of the Product and Development Department at the Head Office, where he continues to contribute his wealth of experience and knowledge to drive the growth and development of microfinance programs in rural communities.



**Mr. Narendhar Samerani**

Senior Manager Finance

Mr. Narendhar is a seasoned accounting professional with 14 years of experience in the microfinance industry. He currently serves as the senior Manager Finance at TMF's Head Office. His responsibilities include managing and improving financial accounting, financial reporting, and annual financial audit. He also oversees accounts payable and receivables, intercompany transactions, including billings, and reconciliation of recovery collection and disbursement. Mr. Narendhar is professionally trained in computerized accounting

systems, treasury management, and banking. He holds a master's degree in economics and a bachelor's degree in commerce from the University of Sindh.

# Leadership Team



**Mr. Ayaz Hussain Soomro**

Manager Special Products & Projects

Ayaz Hussain is a highly motivated and dedicated professional with a master's degree in economics and over 10 years of experience in the microfinance industry. He is proficient in designing loan products such as Renewable Energy, Housing Finance, and microfinance plus products. His expertise lies in developing and refining processes, creating special projects, and strategies to drive growth and success for organizations. Mr. Hussain's areas of expertise also include data collection and analysis using statistical methods to identify potential impacts and outcomes of different strategies. He currently holds the position of Manager Special Products & Projects at TMF.



**Mr. Teerath Das Essrani**

Manager Payroll

Teerath Das Essrani, Manager Payroll at Thardeep Microfinance Foundation (TMF), has over 16 years of experience in the field of HR and Finance. He holds a master's degree in economics from Sindh University and started his career at TMF as an Account Assistant in the UMCP section in 2006. He has been associated with TMF ever since and has served in various roles, including HR Officer in TRDP-UMCP. He is currently one of the most senior members of the HR team at TMF and is responsible for managing the payroll function at the Head Office.



**Mr. Arslan Ahmed Manzoor**

Manager Risk & Compliance

Finance Professional with more than 6 years of dynamic experience in the field of Financial Services for various National and International organizations from BDO Ebrahim & Co. Pakistan, a member firm of BDO International Limited, he also has international auditing and accounting exposure by serving in BDO Mauritius (East Africa) a member firm of BDO International Limited. He is a Chartered Accountant from, Institute of Chartered Accountants of Pakistan (ICAP) and bachelor's in commerce. With exceptional communication and problem-solving skills, he has excellent knowledge of (IFRS), IAS, ISAs, and Tax laws. Currently, he has been associated with TMF since 2022.



**Mr. Imran Khoso**

Senior Monitoring Officer

Imran Khoso is a Professional Monitoring Officer with over ten years of experience in the Microfinance Industry. He holds a master's degree in Anthropology from the University of Sindh Jamshoro, which he completed in 2011. Mr. Khoso joined Thardeep Rural Development's Microfinance Programme in July 2012 as an Account Assistant in District Dadu and was later promoted to the position of Monitoring Officer in July 2013. Since then,

he has been conducting need-based assessments, field monitoring visits, and case studies to support management in decision making. Currently, he holds the position of Senior Monitoring Officer at TMF's Head Office and has an excellent reputation for resolving problems, improving customer satisfaction, and driving overall operational improvements.



THARDEEP MICROFINANCE FOUNDATION

Near Old Naka | Noukot Road | Mithi District | Tharparkar, Sindh | Pakistan

Tel: +92-232 261237 | +92-232 261250 | [www.tmf.org.pk](http://www.tmf.org.pk)