



Making Microfinance More Client Focused





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About Kashf Foundation

Kashf Foundation was set up in 1996 to demonstrate that the economic empowerment of women can be a key enabling factor to move Pakistan beyond its current social and economic standing. In 1996, for every Rupee disbursed in the market as micro-loans, only 25% was provided to women. Today however, as a result of Kashf Foundation's success, almost 50% of the clientele in the microfinance sector is female.

Kashf Foundation not only has a vibrant financial access program but also offers a range of non-financial services that help create an enabling environment for bottom of pyramid households to effectively use the credit they access from the institution. These services include financial literacy and education trainings, business development trainings, trainings on gender roles and gender justice and business expansion trainings.

Kashf Foundation's economic empowerment program has grown from 913 female clients in June 1999 to 312,182 female clients in June 2013 with an outstanding portfolio of Rs 3.54 Billion and cumulative disbursement of Rs 29.67 Billion to over 2.22 million female clients. Kashf Foundation has trained 527,376 clients in financial literacy and financial education (cumulatively) since 2010 and provided trainings on gender justice and gender empowerment to over 93,709 participants (since 2011) - this includes clients, their husbands, and adolescent boys from the community.

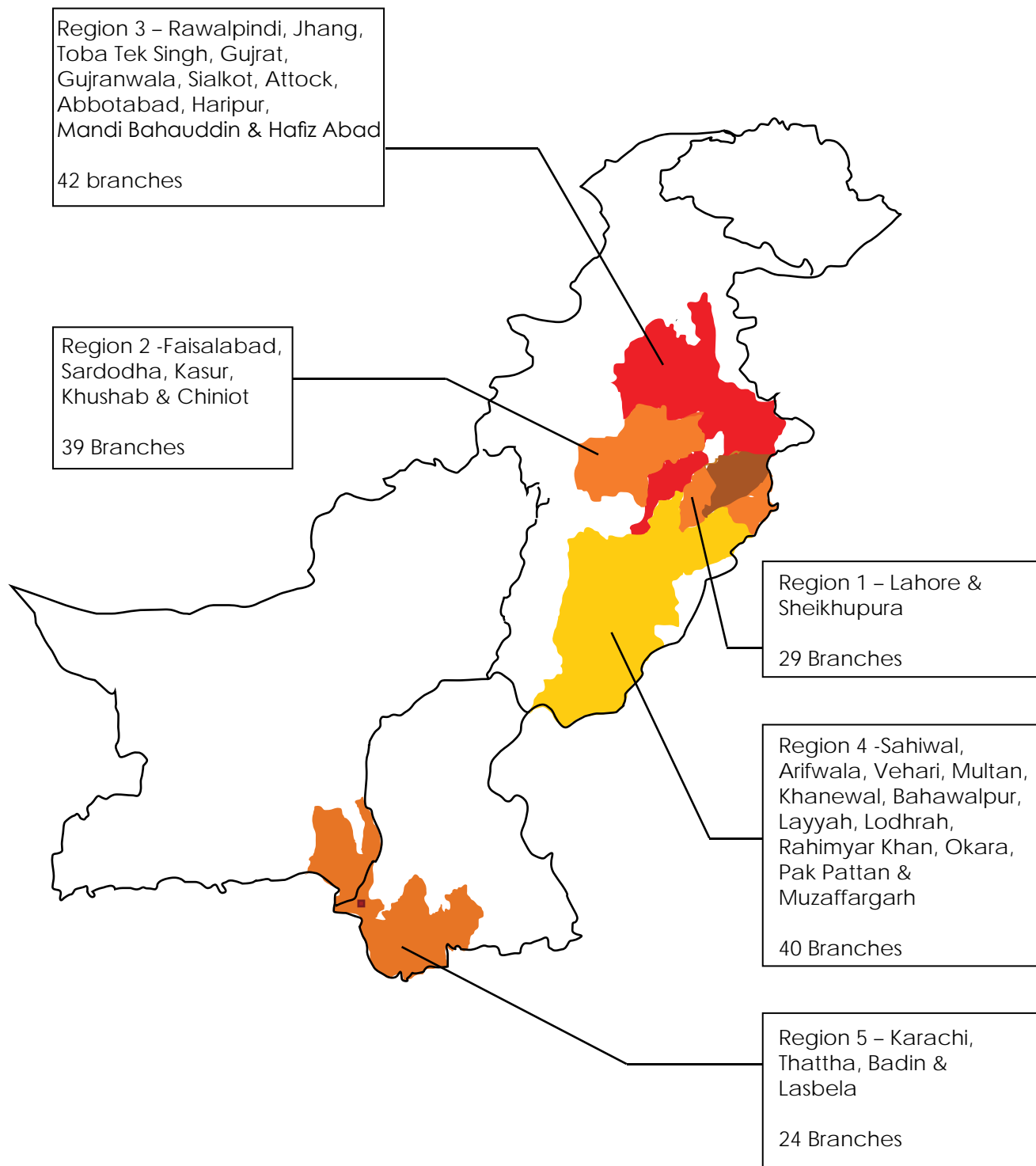
Vision

"Financial services for all in a poverty free and gender equitable society."

Mission

"Serving all with dignity by providing quality and cost effective microfinance services to low income households that alleviate poverty and enable women to become active agents of social and economic change, through building alliances, promoting linkages and developing entrepreneurship."

Outreach Map



Core Values

Commitment to Excellence

Kashf Foundation ensures the highest level of quality in all outputs with the aim of being 'market leaders'

Service

Kashf Foundation ensures customer satisfaction through a respectful and professional attitude with the aim of 'delighting the customer'

Integrity

Kashf Foundation ensures that all interactions with clients and staff are based on honesty and mutual dignity with the aim of espousing 'integrity across the board'

Responsibility

Kashf Foundation believes in meeting all promises as per commitments hence 'we do what we say and say what we do'

Innovation

Kashf Foundation believes in learning, adapting and growing, thereby 'responding positively to change'

Respect

Kashf Foundation believes in dignity at the workplace which includes mutual respect and care for each other thereby inculcating 'do unto others what you would like others to do unto you'

Reciprocity

Kashf Foundation believes in team work and ascribes to the motto 'all for one and one for all'

Action-Oriented

Kashf Foundation aims towards a problem solving approach in all actions thereby 'being part of the solution and not the problem'

Meritocracy

Kashf Foundation ensures equal opportunities and a fair and transparent appraisal mechanism with access to adequate redressal channels thereby 'processing feedback positively'

Sustainability

Kashf Foundation believes in the long-term sustainability of both the organization and clients thereby 'promoting self-sufficiency through continuous improvements in processes, products and services'

Corporate Information

Board of Directors

Mr. Mueen Afzal
Chairman
Dr. Attiya Inayatullah
Director
Ms. Mahbina Waheed
Director
Mr. Ahmed Bilal Mehboob
Director
Mr. Syed Asim Zafar
Director
Ms. Sadia Khan
Director
Ms. Rabia Khan
Director
Mr. Mahmud Khan
Director
Mr. Tajammal Hussein
Director
Mr. Hassan Iqbal
Director

Chief Financial Officer

Mr. Shahzad Iqbal

Company Secretary

Mr. Taimur Langrial

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
53 L Gulberg III, Lahore
Tel: +92 42 35850471
Web: www.kpmg.com.pk

Legal Advisors

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7/B-1, Aziz Avenue, Canal Bank
Gulberg V, Lahore
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Web: www.mandviwallaandzafar.com

Board Committees

Program and Finance Committee

Dr. Attiya Inayatullah – Chair
Mr. Asim Zafar – Member
Ms. Mahbina Waheed – Member
Mr. Mumtaz Iqbal – Secretary

Board Audit Committee

Mr. Tajammal Hussein – Chair
Mr. Syed Hasan Iqbal – Member
Ms. Mahbina Waheed – Member
Mr. Ghulam Haider – Secretary

Human Resources Committee

Ms. Rabia Khan – Chair
Mr. Mahmud Khan – Member
Ms. Fatima Asad – Consultant Advisor
Mr. Mueen Afzal – Secretary

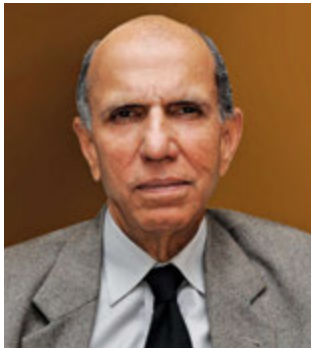
Tax Advisors

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Tel: +92 42 36307607

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Lahore Pakistan
Tel: +92 42 111981981
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Chairman's Message



Dear All

In this time of flux in Pakistan, organizations that aim to create win-win solutions between social gains and sustainability are the need of the hour. I am very proud to be associated with Kashf Foundation, as I feel that Kashf has been doing some exceptional work in the field of social business. I have recently taken up the responsibility of the Chairman of the Board and am highly pleased with the work and performance of Kashf.

In the last year, Kashf has been focused on making improvements in its product offerings, methodologies, and doing research and development on making improvements in both these spheres. As the Chairman of the Board, we have been providing the required oversight for these developments and encouraging the Management to go the extra mile to accommodate customer insights into their products and services.

The Board has also been very interested in the suggestions and recommendations provided to Kashf Management on a quarterly basis from the Women Entrepreneurs Council – a client body that meets with the Kashf Management on a quarterly basis to give its feedback on all aspects of Kashf's interface with the clients. I have been particularly struck by the quality of the discourse and inputs that have been provided to the Board for inclusion in order to make the policies and procedures more gender friendly. Based on the feedback from the Council, Kashf has been looking at new products that will be delivered in the coming years.

This year, Kashf Foundation also hosted a Best Entrepreneurs Awards ceremony, where clients from across its network were honored and appreciated for their hard-work and perseverance. I had the pleasure of being the chief guest at this event, and was inspired by the achievements and confidence of the women entrepreneurs.

At the end, I would like to extend the company's gratitude to the PPAF, Commercial Banks, Canadian Government, Coca-Cola Company and other donors and supporters of Kashf.

Best Regards,

Mueen Afzal

Chairman
Board of Directors

Managing Director's Message



Dear All

I am proud to share that Kashf Foundation has become a national program with branches in all four provinces of Pakistan. This has been a great achievement, especially keeping in view the slow growth in the sector, socio-political flux and economic instability.

The main focus in this year has been responding to and pre-empting client needs and understanding that clients needs evolve with time. Kashf aims to provide a suite of demand driven products and services that holistically transform lives of clients. This is particularly true for our microfinance plus activities that are geared towards enhancing client capacity. Financial

education is essential for the efficient use of capital by the client. Additionally, Kashf is also offering regionally optimized products such as Shariah Compliant microfinance in KPK which take into consideration local needs and cultural sensibilities of clients.

On a recent field visit to Kamalia, I met Umme-e-Kulsoom a Kashf client for 5 years. She now runs a successful carpet making business with her husband. In the past, they used to work on other people's looms for a set daily rate of Rs. 200, which was inadequate to make ends meet. Today they own 4 looms one loom is set up in their home while the others have been rented out. Their incomes have increased phenomenally - on a large carpet they can earn up to Rs. 60,000, and rental on each loom brings 100-200 extra every day. This has helped them change many things; their house is now *pucca*, all their children go to school and their nutritional intake has improved considerably.

Social performance demands that organizations begin to look at a multiple bottom line, some now refer to this as the quadruple bottom line, i.e. profit, people, planet and pride and Kashf can proudly attest to its contributions in this sphere. Kashf's detailed business appraisal ensures that clients only take on sustainable debt - debt that will advance their business and have a positive impact on their social and economic status. Additionally no potentially environmentally harmful business is funded, which is strictly enforced through a pre-defined business exclusion list. Kashf's commitment to its consumer protection code and high service standards of 'delighting' the customer ensure that the pride and dignity of the client are maintained under all circumstances. Kashf also invests in the growth and development of its staff, keeping in view the axiom that if you treat your staff well, they will treat the clients right as well.

For the future, I see Kashf as not just a microfinance plus provider but a one-stop solution for the diverse needs of low-income households. Kashf aims to become a wealth management company for low-income households, offering a range of diverse products and services that cater to client needs and demands. Sustainable solutions to addressing the needs of the poor are mandatory for long-term development and for poverty alleviation.

In the end I would like to thank you for your support to Kashf's mission and vision.

Best Regards,

Roshaneh Zafar

Client Testimonials & Impact

Reaching for the Rainbow – Daisy Santram, Lahore

Daisy sits perched on the edge of her desk, surrounded by more than a dozen kindergarten students. Daisy Santram started her teaching career more than 40 years ago at a little Christian school near Lakshmi Chowk in Lahore. She reminisces about those years with mixed feelings. “I loved the children...they were my life...but I couldn’t progress there. I wanted something else for them, a classroom which facilitated learning and fun rather than discipline and fear”.

She left the school after a few years with the dream to open her own school. In those days, Daisy did not have enough money to even whitewash the walls, but she had a passion for what she did and she wasn’t going to give up. Daisy began saving money, rupee by rupee, day after day. She opened a one room school in her house, enrolling children from nearby communities, making concessions and even teaching some children for free whose parents couldn’t afford to put them through school.

When the Kashf team met Daisy, she seemed exhausted. A new school had opened up in her community and half of her students had shifted there. “When it rains, the drains shut down and all the water comes inside. I had to close several classrooms during the monsoon rains and the children shifted to another school”. When Daisy learnt about Kashf’s School Finance product, she was hesitant at first but the additional services, i.e. comprehensive trainings for school teachers, capacity building trainings for school management, and a curriculum development component for the schools, swayed her decision to work with Kashf.

Daisy used her loan amount to improve the drainage system in her school building and in the post monsoon rains this year, which were as heavy as the monsoons, water did not come into the school. The students Daisy lost to her competition have now come back and her teachers are more enthusiastic and motivated than ever before after the comprehensive week-long training they received. Her students have begun saving as well, in order to fund a day-long trip to the Zoo. “Kashf’s Financial Education for Youth training has helped our students immensely. They now know the importance of saving and budgeting, and every student has a savings box”, states Daisy.

Daisy plans to use her next loan amount to construct a classroom upstairs for grade nine and ten students, something she could never even plan of doing before. “I am grateful for the financial access but I am even more grateful for the advice and guidance I have received. I know what to do now with the help of the school development plan which Kashf’s education specialists helped me develop. I know what to do to keep providing quality education at an affordable price to the most deserving children”. There is a rainbow drawn on a wall of Daisy’s school, when asked why it is drawn, she replies “I want to help my children build a future for themselves as bright and as colorful as that rainbow”. With her passion, commitment, dedication and Kashf’s continued support, Daisy will achieve just that.



Client Testimonials & Impact

Shamma's Bridal Boutique – Shamma Parvin, Kasur

Shamma's mother in law was ill at the time she got married and moved to Kasur, so every rupee her husband earned was used to treat her illness, which meant there was very little left to meet other expenses. Shamma had grown up in the bustling streets of Lahore, with a father who earned a decent living as a professor in a nearby college. She never had to worry about money and she never knew what it meant to not know where the next meal would come from. "After I got married, there were days when we would have to freeze our food in our neighbor's freezer. We would take out a little portion everyday and divide that into even smaller portions. There was an entire month in which I must have eaten not more than two or three bites a day".

Shamma's husband worked in a garments factory on a meager pay. He had learnt how to stitch while working at the factory so he began a little side business of stitching clothes for children from scrap cloth. The business did not do well and he also got fired because of the time he took off from the factory for his side business.

Shamma heard about Kashf Foundation at that trying juncture of her life, she had four children to feed, an ailing mother-in-law, and an unemployed husband. Shamma took a loan from which she bought an *adda* (embroidery frame) and some basic materials required for a home-based embroidery business. Interestingly, it was Shamma's husband who learnt how to embroider clothes from a little shop in their local market. "My husband has taught me all I know about embroidery. I am just lucky I turned out to be better than him", she says laughing.

Shamma and her husband put all their efforts in the business, spending long hours that would stretch into days to embroider wedding dresses and *duppatas* that they received on demand from the shop-owner who had taught them the trade. The quality and design of their work led to an increased demand. They employed everyone they could, calling on their family, friends, and neighbors to help them. Shamma's husband would spend half his time teaching others how to work, while Shamma would supervise them and be responsible for making the designs.

Seven years and six loan cycles later, Shamma is a busy woman. She has eight people working for her, and instead of making wedding dresses to supply to the nearby market in Kasur, they have begun sending their dresses to Lahore to be sold in the very busy Rang Mahal Market. As Shamma thanks Kashf Foundation for helping her at a time when she had hit rock bottom, she says, "We don't even think about food now or where it is going to come from. I have enough money saved to help out my own father who is now retired. I never thought I would be in a position to support even my own family, but Kashf Foundation made me believe that I could do it ... and I did". Shamma wants to open her own boutique in the marketplace soon and when asked what she would want it to be called, she very aptly replies, "Shamma's Bridal Boutique".



Client Testimonials & Impact

The Sweet Road to Success – Shamim, Daska

The tiny street in the small city of Daska where Shamim lives smells delicious. If you follow the smell, you will be led to a house with a blue door and a very noisy family living inside. This is the place from where Shamim and her entire family run their business of making traditional sweets (locally known as *maronda*). A decade ago, Shamim's house didn't appear quite the same as it does now.

In 2000, a year after she got married, Shamim's husband invested all his savings in renting a plot of land to grow melons. That same year, an infection wiped out his entire crop. The family went from being reasonably comfortable to spending days without proper food; they did not have enough money to invest in a new business. It was Shamim's idea to start selling *marondas* locally in their neighbourhood. "Our street sells every kind of savoury items from *dahi bhalla* to *namak paray* to *gol gappay*, but nobody sold anything sweet. I knew that my idea would work, but I didn't know how to raise the money to start it."

Shamim's neighbor, who owns a *gol gappa* cart, told her about Kashf Foundation. Within a week, Shamim had availed a loan and brought the raw materials required to start. When they started off, she would spend hours trying to get the recipe right. Once that was sorted, they set out in the neighbourhood, taking orders for their product. Within a year, they had more orders than they could handle. They also realized that some people did not buy their *marondas* because they thought they were unhygienic. "We didn't have any boxes and we would give the *marondas* wrapped up in newspapers." They employed a number of their friends and relatives to help them make the boxes, and paid them with a fixed rate per box. This boosted sales even further. When asked how they had increased their supply to other communities, they proudly share that they saved up and bought a motorcycle. Shamim's youngest brother takes boxes filled to the brim with *marondas*, and makes rounds delivering *marondas* door-to-door.

In no time the entire community had heard about Shamim's *marondas*. Orders started coming from the market places, friends of friends, and relatives; they had to hire even more people to expand further. Shamim recruited some of her neighbours to help her with making the *marondas*, while an entire separate team of workers would make the boxes in which to package them.

Shamim is a busy business owner, she stops to reflect on how her life has changed as a consequence of receiving a loan from Kashf, smiling she says "I think I have been given a second chance, a second life. Before I took a loan from Kashf, I didn't know where my next meal would come from, and now look at me. I own a motorcycle, I have more than ten people working for me, and everyone knows me and the work my family does. All of this was made possible because I believed in Kashf Foundation, and they believed in me."



Client Testimonials & Impact

Small Shops and Big Dreams – Surraya, Arifwala

Surraya's husband's hands are calloused from years of working in an iron factory. As he passes little children packets of sweets, teasing them and laughing when they try and snatch an extra toffee from the plastic jar, he asks his wife to come outside and share their story. "As you can see I am too busy to even speak to anyone right now," he says. He is right. There is a long queue of customers outside his little shop, waiting to be served.

When Surraya got married, more than fifteen years ago, her husband was a full-time labourer in a nearby iron factory. He worked long hours at an abysmal pay. A few years into her marriage, her husband contracted tuberculosis, and was subsequently fired from his job in the fear that other workers might contract the disease from him. Surraya had to pull all four of her children out of school. "My only daughter was a few years old at the time, and I knew that I was destroying her future by making her leave school. But we didn't have a choice. Our meagre savings did not allow us to pay for their tuition", Surraya tells us. During those days, Surraya would go to the marketplace herself to buy groceries as her husband was too ill to get out of the house. One day, she happened to notice Kashf Foundation's office in Arifwala, just a few kilometres away from her house. She stepped inside and spoke to the staff about her current financial condition, they guided her and gave her the idea to start a small grocery store.

Surraya received her loan a short while later and with her first loan bought a table, a few plastic jars, sweets, soap, lentils, and a few other items to start off her grocery shop. During the first few weeks, Surraya received very few customers. "I hardly had anything to offer and because I was facing such a severe financial crisis, I was pricing items higher than other grocery stores in the area." When her husband's health improved Surraya decided to send him out into the marketplace to try and sell things door-to-door. Since customers have realized the convenience of having groceries delivered to them, there has been no looking back. Surraya and her husband started earning more, and consequently started investing more in their business. Once they had established a regular clientele, they started stocking up more items. With a loan they received in their next loan cycle, they bought even more merchandize, increasing their sales and profits even further.

Surraya is currently in her fourth loan cycle, all her children go to school, and her eldest son has even completed his matriculation. Her shop is bursting with inventory, and her husband works industriously with her all day long at the shop. With her next loan cycle she wants to extend her shop by tearing down one of the walls and building a bigger space for her shop. Surraya has also begun to save after she received the financial literacy training from Kashf Foundation. She keeps a savings box at the back of the store in which she places all the change and pennies they receive. When we asked her what she would like to do with the savings she replied, "I want to market my product like I was taught during trainings. My shop may be small, but I know my dreams are much bigger."



Client Testimonials & Impact

Bags of Joy – Abida, Karachi

Bags of every material, colour, size, and design are sprawled around Abida. Some bags have stuffed toys sewed on them, some are for slightly mature users, and some are plain but beautiful. In complete contrast to these items, Abida seems quiet and serious. She had been working for fifteen years as a seamstress before she came up with the idea to make bags. Her husband, who had required financial support from Abida due to his own inability to work, had spent the last decade or so eating off whatever Abida earned. The income she made from stitching clothes for women in her neighbourhood stopped being sufficient once she had her third child.

“Not for one day did my husband support me. He would ask for food, for clothes, for cigarettes, and not once would he give me the money to buy anything”, Abida remembers. Consequently, Abida had to start borrowing money from her family and friends. Her cousin, who owned a fruit stall in Korangi, had been accessing capital from Kashf for years. She met Abida at a relative’s wedding and convinced her to borrow from Kashf and expand her stitching business. Abida, who was already under debt, refused the offer and another year passed before she could pay off the money she owed her relatives. When Abida did finally take a loan from Kashf, she had already come up with a unique business idea.

Abida began buying second-hand bags from the market and adorning them with different things such as toys, feathers and beads. She was able to sell the adorned bags for twice the amount she had paid for them. As her ideas grew, so did her customer base. When her husband saw that the family’s income had risen considerably because of his wife’s business venture, he finally began helping her out. He goes to the market to buy the raw materials and Abida stitches everything together. In the following loan cycle she purchased even more items and also starting making school bags for children. “I would ask parents to come to buy school bags at low prices and they would always end up buying something else. Sometimes their young child who was not in school yet would buy a stuffed-toy bag from me, sometimes the mother would like something and she would buy it too.”

As time has gone on, Abida has had to employ additional staff to deal with the number of orders. Her ability to conduct business and her knowledge of the trade have also evolved. To add further to this, she took part in Kashf’s Systemized Financial Education Training as a result of which she has begun making ledgers, recording revenues, savings, and budgeting for further business growth.

Abida wants to eventually rent out a shop to display her items, and then eventually open up a factory where she can employ skilled girls to help her stitch bags and come up with even more innovative ideas. “Kashf helped me stand when I was crippled”, Abida states, “and I want to do the same thing for other families and girls in my community. If I can help them learn something new and help out their own families, then I will think that I have truly achieved something”.



Institutional Dashboard

Number of Branches 174	Active Clients (Group Lending) 113,926	Active Clients (Individual Lending) 198,256
OSS 108%	PAR* 0.65%	% of Loans used for Productive Purposes 100%
% of CPC Violations 0.5%	Turnaround Time 7 days (Avg)	% of Female board members 40%

*For Individual Loan Portfolio

Demand Driven Product Development

Client demands and preferences need to be at the centre of a microfinance institution's operations to enable it to provide relevant products and services that can grow with the demand and provide a one-stop solution for client's financial needs. Kashf Foundation is committed to understanding client preferences and takes continuous feedback from clients to design new products and improve existing products in line with client requirements.

Embedded Client Centric Approach

Kashf Foundation has embedded a robust client centric approach in all aspects of its operations to ensure that there is a consistent focus on analyzing client business and household cash-flows during the due-diligence phase. A complimentary client feedback system is also in place which provides client feedback and insights on existing and new facets of the business.

Kashf Business Development Officers undertake detailed and in-depth Business Appraisals to understand clients' business and financial needs. In the appraisal, all related costs, revenue and profit are determined alongside all costs incurred at the household level, to ascertain the client's monthly net disposable income. This helps Kashf to assess the appropriate product offerings and loan amounts for the clients and maintain its code of ethical and responsible finance by reducing the incidence of over-indebtedness. Furthermore, Business Development Officers and Branch Managers conduct frequent loan utilization checks at a client's place of business, to monitor loan use and get ongoing insights on clients' business needs.

Kashf also has a set monitoring circuit for all field tiers with regards to mandatory client interaction; this includes client visits by the Branch Managers, Area Managers, Senior Area Managers, and Regional Managers. During these interactions, Kashf's field management visits client's homes and assesses client satisfaction with product offering and staff behaviour. Moreover, future needs of the clients are also assessed along with any hurdles or issues the clients may be facing. Similar monitoring circuits also exist at the Head Office level. Complimenting these efforts is regular customer satisfaction surveys which are also undertaken through the Head Office Research team. Exit interviews with clients who are no longer part of the program help Kashf identify further improvements they need to make to their current product offerings and services.

Women Entrepreneurs Council

Kashf Foundation has also instituted a Women Entrepreneurs Council (WEC), which helps the organization stay abreast with client needs and solicit feedback on all facets of the program. Kashf Foundation undertakes a quarterly meeting with the client representatives that form the WEC. The WEC has client representatives from all of Kashf's areas of operation. These WEC members interact with other clients in their areas to understand overall needs, identify client level issues and highlight initiatives that the clients' would like to be introduced. Based on the background knowledge of peers within their areas and their own personal experiences, the members of the WEC make recommendations to Kashf's management. The Kashf management also discusses ideas for new products and envisioned changes in the product methodology with the WEC members for their feedback and insights.

Demand Driven Product Development

Some of the suggestions made by the Women Entrepreneurs Council include introduction of a start-up loan for new businesses, optimizing loan size and tenures to the specific business activity being funded by the loan, increasing the entry loan amount, and catering to the educational needs of low-income households. Following on from these suggestions Kashf has introduced the Kashf Ibtida-i-Karobar Karza, which caters to the specific investment needs for start-up businesses and uses a special pre-feasibility study report to determine loan amounts and gauge business risks. Additionally, Kashf has also undertaken research on introducing sector specific loans which will reflect cashflows of different business sectors. Furthermore, the loan entry amount and upper limit has also been increased in the last year.

In this year, Kashf has also piloted an Education Finance product which provides access to credit to low-cost private schools and also provides them capacity building support through business development trainings for the owners, teacher trainings and curriculum development support. Business Development Plans are made for school owners which highlight improvements that schools need to make to further enhance the quality of education services provided to low income households.

Reflections

"When I was nominated by the clients as the representative for my area, I was not sure how effective this committee (WEC) would be. I thought we would be giving recommendations but they will not be implemented. I am happy to say that a majority of our suggestions are implemented. I feel like a part of the Kashf family."

- **Nargis** (Client from Gujranwala)

Reflections

"I have really gained confidence in this year that I have been part of the committee (WEC). Travelling all the way from Multan and staying in Lahore independently has really boosted my self-esteem. I really like attending the sessions and feel that we can really expect changes based on my feedback."

- **Shahnaz** (Client from Multan)



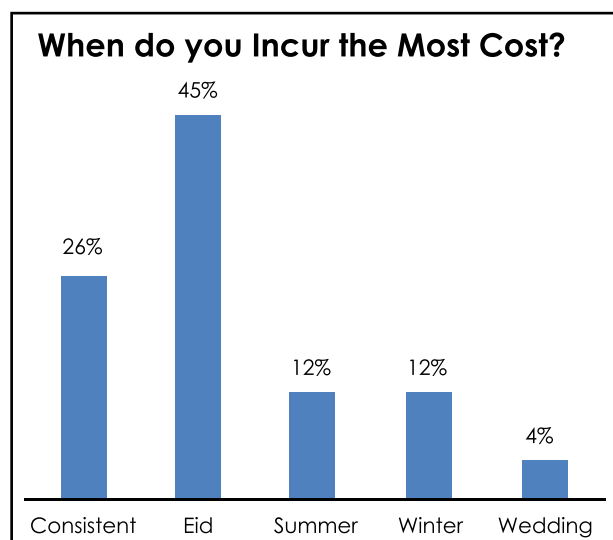
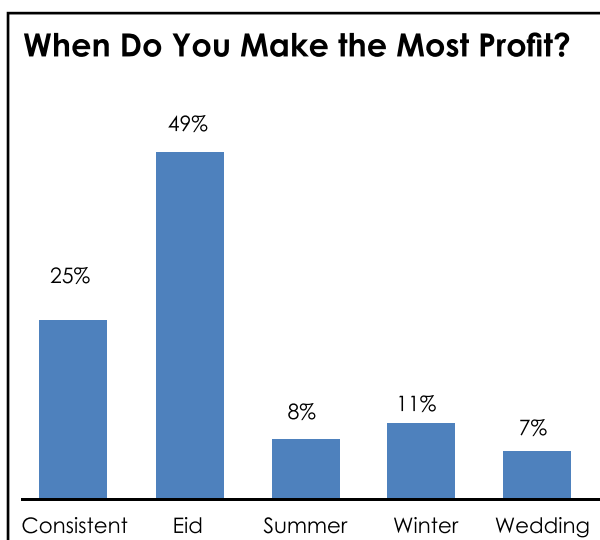
Demand Driven Product Development

Sector Specific Loans Research

Based on feedback from the WEC, Kashf Foundation has been undertaking research and development on Sector Specific Loans to cater to client demand in product offerings. These loans provide a specific funding solution suited to the capital requirements of the business – for most businesses there is a cyclical demand for products, usually clustered around important holidays and seasonal changes. This impacts capital requirements of the business, i.e. significantly increasing the demand for capital injection to enable the business owner to gear production for the busy (high demand) season.

According to research undertaken by Kashf Foundation with clients running embroidery units, stitching businesses, cloth trading units and grocery stores, a majority of the respondents across these groups pointed towards an increase in sales and costs during the wedding season and Eid. 49% of the respondents said they made most of their profits (and sales) at Eid and roughly the same number, i.e. 45% said they incurred most of their costs before Eid.

The graphs below show other trends that have emerged from the research:



Quick Look: Sector Specific Loans

Stage: Research & Development

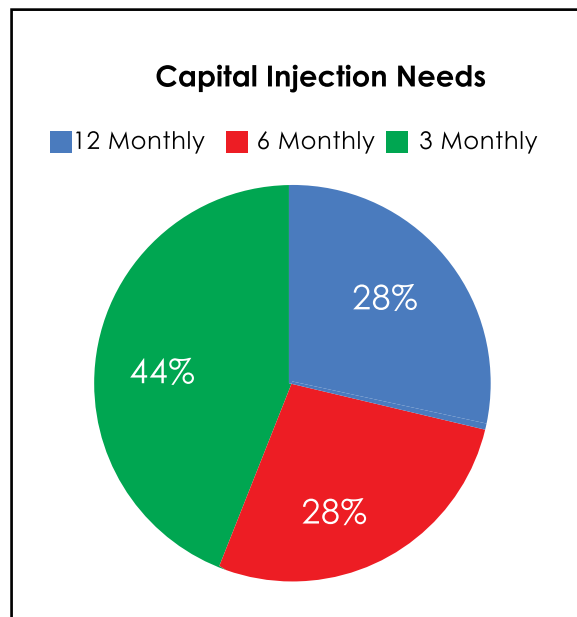
Objectives:

Providing products to clients that cater to their specific business needs
Providing products that keep account of the business cycles of various segments
Provides clients with higher loan sizes, easier repayment terms, and reduced service charges

Demand Driven Product Development

Additionally, the research also looked at client preference and need for capital injection. The chart on the right shows the trends.

The cyclical capital requirements of these businesses require the more flexible Sector Specific Loans products which includes a 6 month tenure product for clients with embroidery businesses, a 3 month tenure product for grocery store owners, and the facility of a top-up loan with a tenure of 6 months available to clients with embroidery units, cloth trading business, grocery stores and stitching units. These products will be pilot tested in the next year.



Financial Education to Build Client Capacity

Kashf research has shown that Kashf clients predominantly use the loan they access to generate income, accumulate savings and create assets. Clients also use income from the businesses they set up via these loans to create and develop social, human, physical and financial capital. This is key in helping them deal with endogenous and exogenous shocks and reduce their vulnerability. Female clients value the ability to undertake financial transactions themselves without having to rely on others to do simple things such as budgeting and simple book-keeping. Keeping this in view, Kashf Foundation has designed and implemented financial education as a key product offering.

The Systemized Financial Education program helps clients understand cash flows, discern between business and household cash-flows, make simple budgets, and monitor progress against savings goals. To aid the process, Kashf provides clients with pictorial representations of major expenses through a simple workbook, so that clients who cannot read can still undertake book-keeping, given the presence of basic numeracy skills amongst the client-base. The charts below provide findings from a research undertaken with clients that had undergone Systemized Financial Education (SFE) trainings.

Quick Look:

Systemized Financial Education

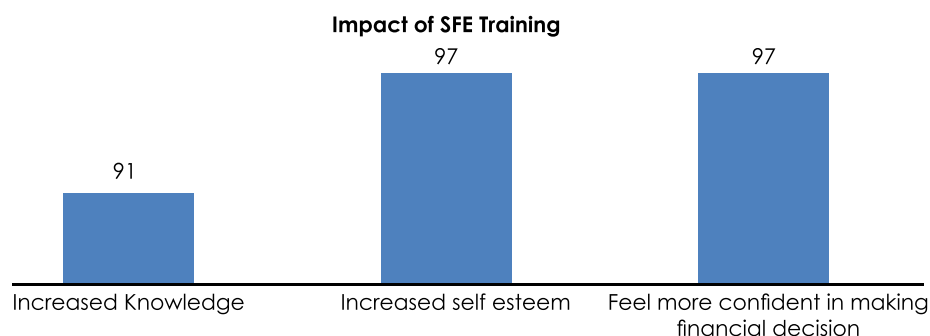
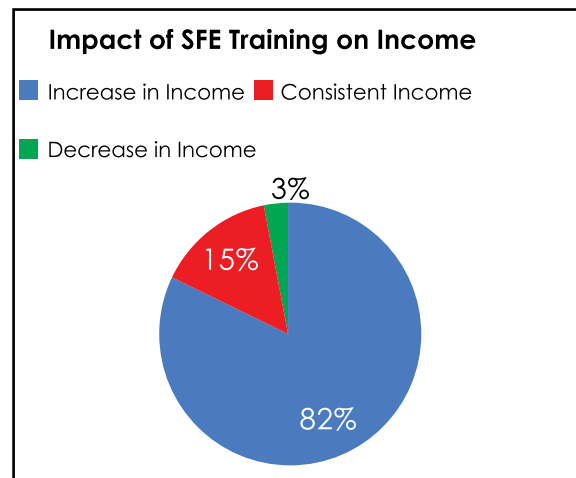
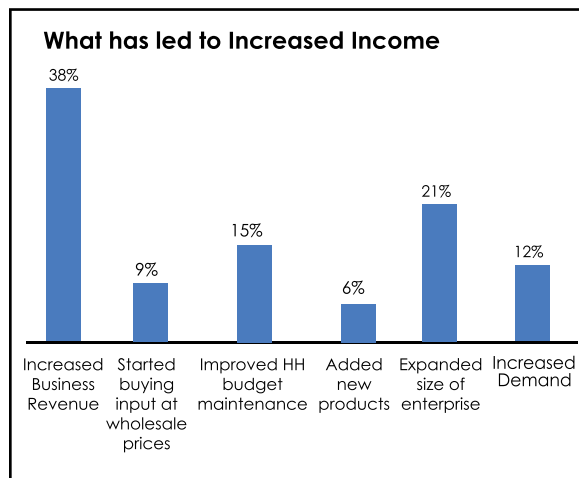
Clients Trained 73,409

Number of Trainers 42

Objectives

*Inculcating Savings Behavior
Planning better through Budgeting
Enabling Proper Use of Debt
Increasing Ease and Confidence of
Financial Transactions*

Demand Driven Product Development



Moreover, Kashf Foundation also ensures that all financial education trainings are provided in the community so that clients can come to the trainings with ease and convenience. The trainings are delivered at the house of a client (who volunteers) and is located in the close vicinity of participants' houses. Proximity of service provision is a key attraction feature for low-income households, especially women.



Reflections

"When I heard of Surraya's usage of the loan on a refrigerator [part of the Systemized Financial Education Module on Debt Management], I got goose pimples. I had been thinking of doing something similar – buying clothes for an upcoming wedding, but the training clearly showed how the use of a loan for consumption can take a household into a non-ending debt trap. I am now going to save money for new clothes or re-do my old clothes for the wedding."

- Faiza (Client from Kahna)

Demand Driven Product Development

Kashf School Finance

A majority of Kashf clients prefer sending their children to private schools as compared to public schools, as they perceive the quality of teaching, ability to learn and success in the job market better in private schools compared to public schools. A Kashf Foundation research of feeder schools in selected Kashf communities revealed that these schools were in dire need of capital injection, teacher training and better house-keeping.

Keeping this in mind, Kashf has piloted the Kashf School Finance product, which aims to help low-cost private schools improve the quality of the education provided. In the program, school owners and Kashf staff undertake a consultative process to determine the most important capital needs for the school – this may include infrastructure investments such as desks, chairs, blackboards, classrooms etc. or investments in working capital such as teachers' salaries, and improvements including painting walls and replacing old computers.

Kashf provides capacity building support to the schools which includes training/development of the owner/entrepreneur, teacher trainings for the school staff, and curriculum development/improvement support

Quick Look: Kashf School Finance

Stage: Pilot Schools Funded 10
Teachers Trained 70
School Owners/Management Trained 20

Objectives

Provide Access to Finance
Provide School Owners with training on Entrepreneurial Acumen & Business Planning
Improve quality & content of Teaching through teacher trainings
Improve syllabus through support on Curriculum Development

Reflections

"I always had one student, Mudassar, who never sat quietly when someone was reading. From this training I realized that Mudassar is a visual learner so when someone else is speaking, he will always remain distracted. I have now started conducting group activities with flip-charts and flash cards and I ask children to interact with each other during class assignments. Mudassar has turned out to be my star student".

- Hiba, School Teacher from Ayubia School



Ensuring Reliability in Product Delivery

Delivering products and services with consistency is a key dimension of Kashf's work. Consistency includes delivering the committed amount at the committed price at the committed time. Low-income households deal with contingencies on an everyday basis and reliability is an uncommon facet of their lives. Income and expenditures vary and households regularly undergo days when they earn no income, putting them far below the meager \$2/day poverty line.

Increasing Efficiency and Reducing Turnaround

Kashf clients value reliability of services and rate it as a key preference feature for choosing Kashf Foundation to service their credit needs. On average it takes less than 10 days for a first time client to get financed, i.e. receive the Basic Financial Education Training, undergo household and business appraisal, and receive the loan cheque. The process is even more streamlined for repeat clients. Continuous innovation through leveraging on technology is underway for increasing efficiency and reducing turn-around time for Kashf products.

Kashf Loan Process



Health Insurance to Reduce Vulnerability

Vulnerability and the lack of safety nets increase the uncertainty in client's lives; this includes having to deal with emergency or routine expenditures in the absence of social security mechanisms. Kashf was the pioneer in introducing credit for life insurance for clients and their husbands in the unfortunate case of death. Over the years, other microfinance providers have followed suit and today credit for life insurance is a common feature for most programs. Based on the need to build up on safety nets, Kashf has been involved in the research and development of a health insurance product for clients and their families. In terms of financial outflows – expenditure on medical bills is one of the major expense categories for low-income households.

Quick Look: Kashf Health Insurance

Stage: Research & Development

Objectives

Increasing Access to Healthcare for Low-Income families, especially women

Providing a product that cover the entire households (irrespective of size)

Providing cover for maternal/ reproductive procedures

Ensuring Reliability in Product Delivery

According to a research undertaken by Kashf with clients on healthcare:

- A majority of respondents ranked affordability to be the main obstacle to accessing health care.
- 34% respondents had to resort to relatives to manage financial cost during times of disease or illness. 16% stated they had no means of meeting medical expenditures except through loans.
- With regards to monthly healthcare expenditure; 31% of clients spend Rs 1000-Rs 2000, 28% spend less than Rs 1000, and 25% spend Rs 2000-Rs 3000.
- All respondents reported access to some form of health care services; 83% used a nearby clinic or hospital while the rest used a dispensary, *hakim* or homeopathic clinic.
- 49% used hospital for delivery during pregnancy, while 42% clients relied exclusively on home-based care.

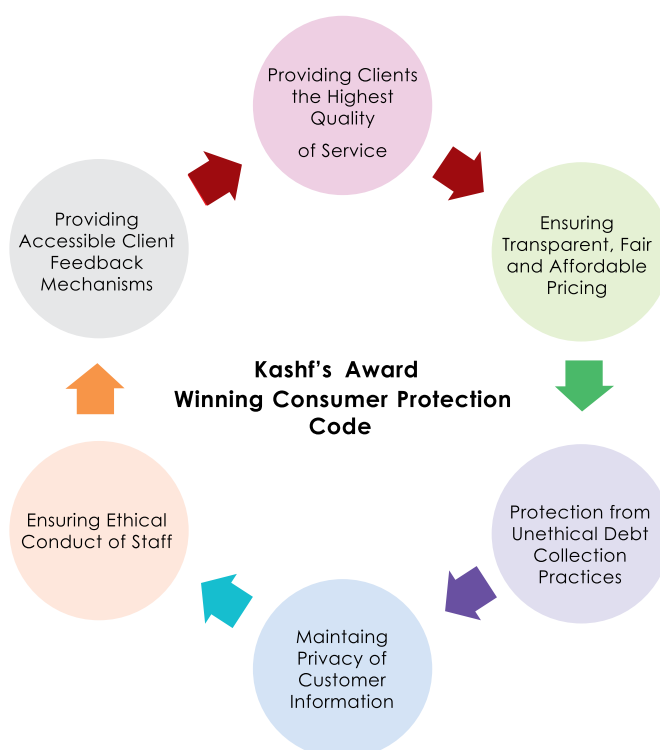
Based on this research and other evidence from clients, Kashf Foundation will be piloting a health insurance program in the next year. This health insurance will provide insurance coverage for the client's entire family, including maternity coverage and pre-existing conditions. Kashf aims to not help clients pay for their medical expenditures through this product but also aims to improve overall health of the entire family through timely and high quality access to healthcare.

Protecting Clients through the Consumer Protection Code

Another key aspect of reliability for Kashf Foundation is the emphasis placed on the Consumer Protection Code (CPC) and its implementation across the board.

Kashf ensures that commitments are met in a transparent and ethical way without ever compromising on the dignity of the client. Signing off on the CPC is a mandatory requirement for all employees and regular refresheres are undertaken on the CPC by the Head Office and Field Management.

To ensure that clients are dealt with in a fair and transparent manner, client complaint boxes along with pictorial client satisfaction forms are placed in all Kashf branches.



Ensuring Reliability in Product Delivery

Reflections

“When Madam Roshaneh [MD of Kashf Foundation] came to our branch, the first thing she talked to us, even before target achievement and overdue management, was about what adhering to the CPC [Consumer Protection Code]. This shows to us how important the CPC is for us as Kashf employees.”

- Yasmeen, BDO Kamalia Branch

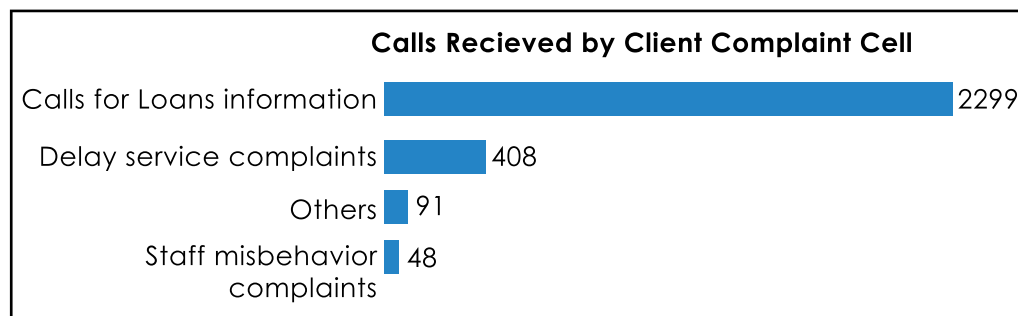
Reflections

“ There are many institutions that are working in our area, but my wife insists on taking the loan from Kashf Foundation. When I ask her why, she says the staff [that comes to our house] treats me with a lot of respect. He [the staff] understands our needs and also gives us grace in months that our business has suffered due to rains.”

- Shakeel (husband of client)

Moreover, a toll-free client complaint helpline is maintained at the Head Office where clients can call in case they have any complaints or queries.

The chart below shows the type of calls received by the Head Office Customer Complaint Cell from July 2012 – June 2013. In total, the Client Complaint Cell received 2,846 calls. All of these complaints have been closed within the 10 working day turnaround period. Additionally, the compliance department undertakes independent CPC compliance checks through field visits and reports any violations of the CPC. From July 2012 – June 2013 Compliance officers undertook 1,257 branch visits through which they met with 58,863 clients which is 30% of the total active clients (individual portfolio).



During these field visits the clients have the opportunity to voice what they like about Kashf Foundation and give suggestions for improvements. The top three things that clients like about Kashf Foundation include (1) supportive and cooperative staff that is easily approachable, (2) service provision at the doorstep and (3) individual liability for loans. With regards to suggestions for improvements, the top three cited suggestions include; (1) provision of loans for marriage, (2) provision of emergency loans, and (3) repayment frequency to be determined by nature of business.

Increasing Convenience & Flexibility for Clients

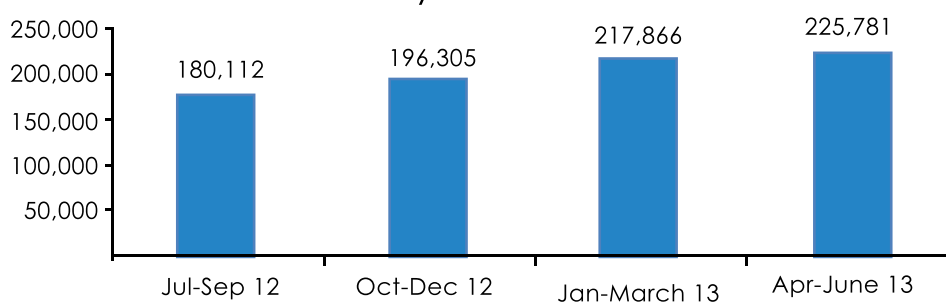
Convenience and flexibility refer to the ability to undertake transactions in close proximity of work/home, in a swift manner, with a degree of confidentiality, and adapting transactions to client's cash-flows. Convenience and flexibility are key priorities for Kashf Foundation. Since a client's relationship with Kashf is long term – i.e. running across the tenure of the loan, clients value not just the speediness of the disbursement but also how convenient it is for them to make repayments and how flexible the institution is to adapt to client preferences.

Increasing Convenience through Alternate Delivery Channels

To increase client convenience, Kashf Foundation has been undertaking research and development on potential alternative delivery channels for clients where they can make transactions. Based on the research, which included assessing the scope of vendor network, vendor matching, client ease of use, and costs, Kashf is currently using three alternative delivery channels;

- (1) retail bank agents,
- (2) telco agents, and
- (3) remittance systems.

Quarterly ADC Transactions



As of June 2013, 40% of all repayment transactions for Kashf Foundation were being routed through the alternate delivery channels. Clients have appreciated this convenience, as they feel that it saves them time and money (both in terms of cost of transport to the nearest Kashf branch and opportunity cost of travel).

Reflections

"The option to use the 'dukaan' [retail agent of bank] for my monthly installment has been a great step taken by Kashf. I can easily go by myself without having to wait for my son to come back from school. I am never late with my repayment and I also end up saving time and money."

- Client Fauzia (Karachi)

Increasing Convenience & Flexibility for Clients

Business Incubation Labs – Convenient One-Stop Solution

Kashf Foundation provides clients that want to graduate their business from a self-employment unit to a small business the free services of the Kashf Business Incubation Labs. These labs provide a convenient one-stop solution to clients to address their business training needs and enhance their entrepreneurial capacity. Participants are trained through in-class and field based sessions on business management, product innovation, and marketing & networking. During the field sessions, the trainer helps familiarize clients with markets in the surrounding areas and demonstrates communication and the skill of selling/marketing. The clients are taught through experiential methods how to improve sales and how to sell and market their products better.

According to research undertaken on impact of the program, 77% of participating clients indicated that they had seen an increase in business sales as a result of the trainings and experience they gained through the Business Incubation program. Moreover, 81% respondents stated that they saw an increase in gross profit resulting from the skills they had learned through the trainings in the program.

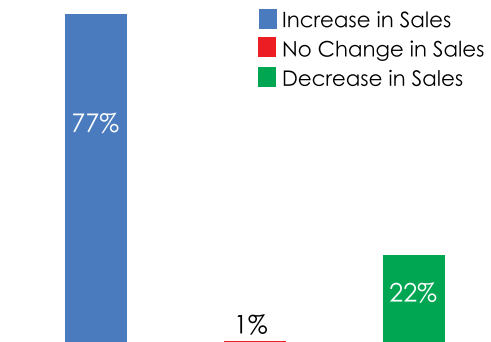
Quick Look: Kashf Business Incubation Labs

Status: Rolled Out to All Areas
1,573 clients graduated from program (2012-2013)

Objectives

Help clients graduate their businesses from self-employment to small businesses
Increased revenues for participating clients
Increased job creation at the community level

Changes in Business Sales

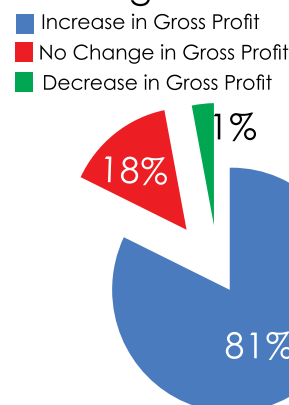


Reflections

"My marriage was not successful and soon after my separation my husband passed away. Within a year after his death my parents also passed away and my brothers got married. I started a bangles business at home through Kashf support. This helped me a lot and my savings increased. After becoming a part of the Business Incubation Lab, I have become a more successful entrepreneur and I am supplying bangles to 5 vendors in Gujranwala. I have also started a candy shop at my home. I now support my 4 children and am also sending them to school."

- **Naheed Bibi**, (Client from Gujranwala)

Change in Gross Profits



Increasing Convenience & Flexibility for Clients



Relief & Rescheduling for Clients

Increasing flexibility in repayment schedules for clients that need grace periods or re-scheduling is another initiative taken at Kashf Foundation. This includes clients that may have experienced a business failure, suffered some kind of accident which has left either the client or her husband partially paralyzed/unable to work, natural calamity/disaster and/or man-made disaster.

This flexibility is available to clients on an individual basis, however, earlier in the year (March 2013) Kashf provided relief in the form of an income transfer and loan rescheduling to 44 families that were victim to an arson attack in Lahore's Joseph Town.



Reflections

"We lost everything. All our belongings and assets were gone in a matter of hours. The following day when we were living in tents, the Kashf Managers from the big office [Head Office] came with the Business Development Officer, we were encouraged and consoled with. Later we were given donation for immediate needs. The branch also helped us by giving us copies of our CNIC so we could access the government support. In our time of need, Kashf really helped us out."

- **Bushra Masih** (client)

Increasing Convenience & Flexibility for Clients

Kashf Murabaha – Institutional Flexibility to Cater to Clients' Social Preferences

Kashf Foundation believes in increasing flexibility in the business model and enhancing product offerings to cater to client's individual needs.

One of the ways in which Kashf is addressing the needs of low-income women entrepreneurs is through providing Shariah Compliant microfinance in the Khyber Pakhtoonkhwa (KP) province.

Women and low-income households are eager to set up businesses and make a better life for themselves, however, cultural and societal constraints prevent them from accessing conventional microfinance services.

Keeping this in view, Kashf Foundation has piloted its Shariah Compliant products in Abbottabad and Haripur. Over the last year, Kashf has completed research and development for the product including methodology and distribution channels.

In the pilot phase Kashf has been able to disburse around 200 clients.

Quick Look: Shariah Compliant Microfinance- Murabaha Product

*Stage: Pilot in KPK
200 loans disbursed*

Objectives:

Provide access to finance to low-income households, especially women, in areas where cultural sensitivities are against conventional microfinance

Reflections

"Access to credit for women is limited in Haripur and when I heard about Kashf Foundation I approached it with a sense of trepidation. The entire process was swift and I was able to inject 25,000 into my business. I have already started seeing the benefits of the loan!"

- Shumaila (Client from Haripur)



Human Resources Scorecard

Field Gender Ratio

51% Female
49% Male

Total Permanent Staff

1610

New Staff
Orientations

427 participants

Internally Promoted
Staff to Senior
Positions

92 Females
91 Males

Yearly Turnover

>16%

Upholding Dignity at
Workplace

1309 participants

5 Star Branch
Rankings

4 rankings

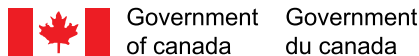


Kashf Supporters

The Foundation would like to thank the following organizations for their continuing generosity and commitment:



The Pakistan Poverty Alleviation Fund (PPAF) represents an innovative model of public private partnership. Sponsored by the Government of Pakistan and funded by the World Bank and other leading donors the PPAF provides financial and non-financial support to civil society organizations on a long-term basis.



Canada

The Department of Foreign Affairs, Trade and Development (DFATD), Government of Canada administers foreign aid programs in developing countries, and operates in partnership with other Canadian organizations in the public and private sectors as well as other international organizations. Its mandate is to "support sustainable development in developing countries in order to reduce poverty and contribute to a more secure, equitable, and prosperous world.



Coca-Cola Foundation and Coca-Cola Beverages Pakistan Ltd. (CCBL) is a local business on a global scale. As their business has expanded over the years, so has their community support grown to create and support projects most relevant to local communities around the globe. They are committed to investing their time, expertise and resources to help develop and maintain vibrant, sustainable and local communities.



Ernst and Young's (ENY Bahrain) business strategy is founded on engagement with people, clients and communities to help them achieve their potential. As a company that embraces corporate responsibility, they think carefully about how to invest in society today to make sure there will be a business context where both ENY and society can thrive tomorrow and long into the future.

Stuart Family Foundation

The Stuart Family Foundation, located in Lake Forest, Illinois, was founded by Robert D. Stuart, Jr., former chairman and CEO of the Quaker Oats Company and U.S. Ambassador to Norway. The foundation's program includes support for international development. In the area of Microfinance, the foundation has funded the provision of basic financial services to the poor - particularly to women - in areas of the globe facing special economic challenges.

Kashf Supporters



Sosense offers social investors/donors, who would like to empower innovative and sustainable solutions to social and environmental issues the chance to engage, contribute and collaborate with outstanding social enterprises. The main objective of the organization is to increase social impact and the sustainability of solutions by empowering high calibre social entrepreneurs to realize their ideas and scale their operations.



Grameen Foundation (USA) helps the world's poorest, especially women, improve their lives and escape poverty by providing them with access to small loans, essential information, and viable business opportunities.



Skoll Foundation's mission is to drive large scale change by investing in, connecting and celebrating social entrepreneurs and the innovators who help them solve the world's most pressing problems. Social entrepreneurs are society's change agents, creators of innovations that disrupt the status quo and transform our world for the better. By identifying the people and programs already bringing positive change around the world, we empower them to extend their reach, deepen their impact and fundamentally improve society.



The Tides Foundation actively promotes change toward a healthy society, one which is founded on principles of social justice, broadly shared economic opportunity, a robust democratic process, and sustainable environmental practices. Tides believes healthy societies rely fundamentally on respect for human rights, the vitality of communities, and a celebration of diversity.



Women's World Banking

Women's World Banking is the only microfinance network with an explicit focus on women. The mission of the Women's World Banking global network is to expand the economic assets, participation and power of low-income women and their households by helping them access financial services, knowledge and markets.

Balance Sheet

As at 30 June 2013

	Note	2013 Rupees	2012 Rupees
ASSETS			
Non-current assets			
Operating fixed assets	5	305,420,891	263,320,578
Intangible assets	6	165,717	449,802
Assets subject to finance lease	7	-	2,173,330
Long term investments	8	160,000,000	10,806,346
Long term loans - considered good	9	246,555,199	273,793,672
Long term deposits		5,270,200	-
		717,412,007	550,543,728
Current assets			
Micro-credit loan portfolio	10	2,883,287,132	2,273,687,125
Short term investments	11	316,697,048	266,178,902
Advances, deposits, prepayments and other receivables	12	94,806,113	70,015,150
Cash and bank balances	13	568,324,977	674,045,626
		3,863,115,270	3,283,926,803
Total assets		4,580,527,277	3,834,470,531
EQUITY AND LIABILITIES			
Equity			
Donated funds		609,690,604	592,496,960
General funds		(663,822,309)	(783,300,603)
Grants related to fixed assets		19,330,176	24,110,023
Fair value reserve		4,197,048	3,425,127
		(30,604,481)	(163,268,493)
Surplus on revaluation of fixed assets	14	131,598,330	89,927,693
Non-current liabilities			
Liabilities against assets subject to finance lease	15	-	-
Borrowings from financial institutions and others	16	2,583,370,862	1,176,768,996
		2,583,370,862	1,176,768,996
Current liabilities			
Current maturity of non-current liabilities	17	1,607,254,475	2,302,588,737
Short term borrowings	18	12,436,486	268,359,288
Capacity building grants	19	85,986,757	49,473,013
Other grants un-utilized	20	350,565	347,203
Accrued markup	21	156,941,158	72,053,421
Trade and other payables	22	33,193,125	38,220,673
		1,896,162,566	2,731,042,335
Contingencies and commitments			
23			
Total equity and liabilities		4,580,527,277	3,834,470,531

The annexed notes 1 to 37 form an integral part of these financial statements.


Lahore


Chief Executive

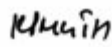

Director

Statement of Income and Expenditure

For the year ended 30 June 2013

	Note	2013 Rupees	2012 Rupees
Service and other charges on micro-credit loan portfolio	24	1,072,131,350	819,286,214
Return on investments and bank deposits	25	88,295,414	61,580,648
Other income	26	40,604,787	34,781,640
		1,201,031,551	915,648,502
Less:			
Finance cost	27	(474,182,658)	(417,170,905)
		726,848,893	498,477,597
Less: Operating expenses			
General and administrative expenses	28	(574,020,823)	(489,768,401)
Impairment on loan to associate	9	(56,990,696)	-
Seminar, workshop, research and staff training expenses		(3,041,789)	(17,488,532)
(Provision) / Reversal of loan loss	10.5	(3,857,922)	5,084,824
		(637,911,230)	(502,172,109)
Capacity building grants recognized as income - core business	19.1	13,253,552	32,449,268
		102,191,215	28,754,756
Add: Non operating income			
Capacity building grant - non core business	19.1	111,701,898	87,946,980
Other income	29	9,511,472	5,690,364
Other grants	20	-	22,706,358
		121,213,370	116,343,702
Less: Non operating expenses			
Capacity building grant - non core business	30	(111,701,898)	(87,946,980)
Other grants	20	-	(22,706,358)
		(111,701,898)	(110,653,338)
Surplus for the year		111,702,687	34,445,120

The annexed notes 1 to 37 form an integral part of these financial statements.


Lahore


Chief Executive

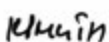

Director

Statement of Comprehensive Income

For the year ended 30 June 2013

	2013 Rupees	2012 Rupees
Surplus for the year	111,702,687	34,445,120
Items that may be reclassified subsequently to profit and loss		
Fair value gain on available-for-sale investment	771,921	1,024,438
Total comprehensive income for the year	112,474,608	35,469,558

The annexed notes 1 to 37 form an integral part of these financial statements.



Lahore



Chief Executive



Director

Cash Flow Statement

For the year ended 30 June 2013

	Note	2013 Rupees	2012 Rupees
Cash flow from operating activities			
Surplus for the year		111,702,687	34,445,120
Adjustments for non cash items:			
Depreciation on operating fixed assets		9,679,994	10,625,486
Depreciation on leased assets		253,555	968,007
Amortization on intangibles		284,085	339,759
Capacity building grants recognized as income		(124,955,450)	(120,396,248)
Donation for flood victim recognized as income		-	(22,706,358)
Return on investments and bank deposits		(88,295,414)	(61,580,648)
Accrued mark up recoverable on long term loans		(29,752,223)	(23,653,561)
Amortization of transaction costs of commercial borrowings		5,919,186	1,437,428
Finance cost		468,263,472	415,733,477
(Gain) on disposal of fixed assets		(1,531,076)	(759,484)
Exchange gain on capacity building grant		-	3,128,554
Provision against doubtful receivables		-	(249,594)
Impairment on loan to associate		56,990,696	-
Loan loss provision		3,857,922	(5,084,824)
		<u>300,714,747</u>	<u>197,801,994</u>
Surplus before working capital changes		412,417,434	232,247,114
Effect on cash flow due to working capital changes			
(Increase) in loan portfolio		(613,457,929)	(833,581,854)
(Increase) in advances, deposits, prepayments and other receivables		(3,140,272)	(19,957,118)
(Decrease)/ Increase in trade and other payables		(5,897,137)	6,353,674
Increase/ (Decrease) in borrowers' security deposits		869,589	(174,356)
		<u>(621,625,749)</u>	<u>(847,359,654)</u>
Cash used in operations		(209,208,315)	(615,112,540)
Finance cost paid		(383,375,735)	(400,599,789)
Net cash used in operating activities		(592,584,050)	(1,015,712,329)
Cash flow from investing activities			
Fixed capital expenditure		(11,618,182)	(6,521,534)
Sale proceeds from disposal of fixed assets		4,959,363	5,405,522
Long term security deposits (given) / recovered		(5,270,200)	1,507,740
Return on investments and bank deposits		66,644,723	69,963,795
Long term investment - net		(149,193,654)	119,387,982
Short term investment - net		(49,746,225)	(142,000,000)
Net cash (used in) / generated from investing activities		(144,224,175)	47,743,505
Cash flow from financing activities			
Capacity building grants		181,658,598	132,493,960
Donation for flood victims		3,362	13,203,946
Lease rentals paid		(1,588,737)	(3,942,106)
Transaction costs paid for borrowings		(25,983,986)	(3,706,602)
Proceeds from borrowings		3,233,921,141	3,845,000,000
Repayments of borrowings		(2,501,000,000)	(3,188,278,935)
Net outflow from financing activities		<u>887,010,378</u>	<u>794,770,263</u>
Net increase / (decrease) in cash and cash equivalents		150,202,153	(173,198,561)
Cash and cash equivalents at the beginning of the year		405,686,338	578,884,899
Cash and cash equivalents at the end of the year	31	555,888,491	405,686,338

The annexed notes 1 to 37 form an integral part of these financial statements.

Kashif

Lahore



Chief Executive



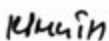
Director

Statement of Changes in Funds

For the year ended 30 June 2013

	Donated funds	General funds	Grants related to operating fixed assets	Fair value reserve	Total
	Rupees				
Balance as at 30 June 2011	574,029,796	(823,267,727)	29,197,959	2,400,689	(217,639,283)
Grants related to fixed assets utilized	-	5,522,004	(5,522,004)	-	-
Fair value gain on available- for-sale investment	-	-	-	1,024,438	1,024,438
Surplus for the year	-	34,445,120	-	-	34,445,120
	-	34,445,120	-	1,024,438	35,469,558
Micro credit loan portfolio recognized	18,467,164	-	-	-	18,467,164
Assets recognized during the period	-	-	434,068	-	434,068
Balance as at 30 June 2012	<u>592,496,960</u>	<u>(783,300,603)</u>	<u>24,110,023</u>	<u>3,425,127</u>	<u>(163,268,493)</u>
Balance as at 01 July 2012	592,496,960	(783,300,603)	24,110,023	3,425,127	(163,268,493)
Grants related to fixed assets utilized	-	7,775,607	(7,775,607)	-	-
Fair value gain on available- for-sale investment	-	-	-	771,921	771,921
Surplus for the year	-	111,702,687	-	-	111,702,687
	-	111,702,687	-	771,921	112,474,608
Micro credit loan portfolio recognized	17,193,644	-	-	-	17,193,644
Assets recognized during the period	-	-	2,995,760	-	2,995,760
Balance as at 30 June 2013	<u>609,690,604</u>	<u>(663,822,309)</u>	<u>19,330,176</u>	<u>4,197,048</u>	<u>(30,604,481)</u>

The annexed notes 1 to 37 form an integral part of these financial statements.



Lahore



Chief Executive



Director



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