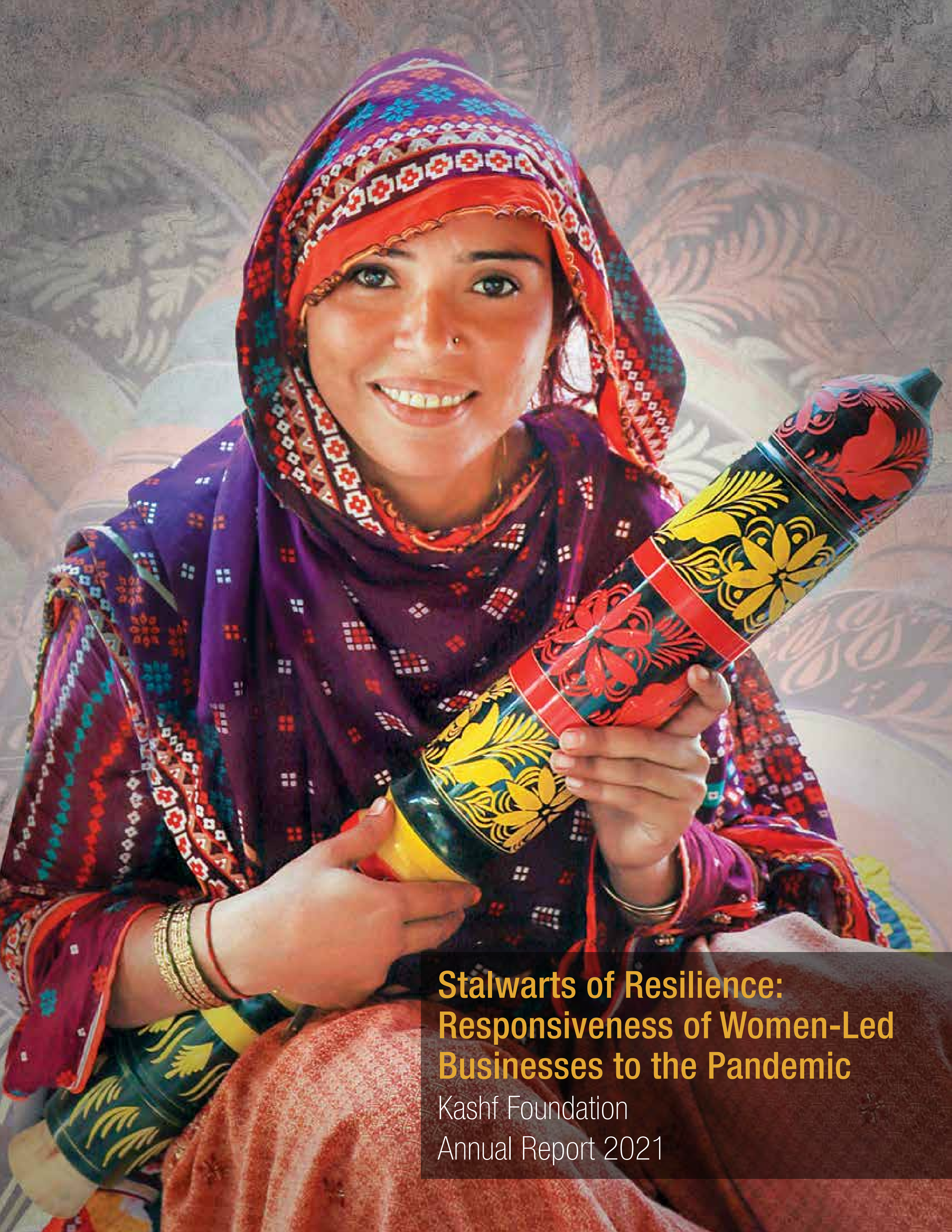


Stalwarts of Resilience: Responsiveness of Women-Led Businesses to the Pandemic

Kashf Foundation

Annual Report 2021

Cover Photo: Rani Bibi, Sukkur

Photo Credit: Zainab Saeed

About Rani Bibi:

Rani Bibi is a self-taught artist who along with her husband runs a successful business of supplying pai [feet] for charpais [beds]. While her husband crafts the pai from wood, she dyes them and then carves intricate patterns on them. This helps fetch a higher price for the pai and more income for their small family.

CONTENTS

Photo Credit: Zainab Saeed

About Kashf Foundation

Kashf Foundation is registered as a Non-Banking Micro Finance Company regulated by the Securities and Exchange Commission of Pakistan. Kashf was set up in 1996 as the first specialized microfinance institution of Pakistan. Over the years, Kashf has successfully carved out a distinct and unique niche for itself in the microfinance sector at home and abroad by offering a suite of holistic, innovative, and transformative products and services to low-income households especially women. Kashf offers credit appraisal backed individual loans to its clients along with other non-financial services to have a transformative impact at the household level, thus ensuring clients are able to build a strong credit history. Kashf believes in creating an enabling environment for women micro-entrepreneurs and is committed to creating products and services driven by client needs and demands which leverage on lessons from successful models from across the world. Kashf's main spheres of intervention include (1) Financial Services, (2) Insurance and Safety Nets, (3) Capacity Building Trainings, and (4) Social Advocacy Interventions.

Financial Services

- Business Loans
- Loans for Personal Use
- Top-up Loans
- Livestock Loans
- Shariah Compliant Loans
- Covid Rehabilitation Loans

Insurance and Safety Net

- Credit for Life Insurance
- Comprehensive Inpatient Health Insurance
- Hospital Cash Health Insurance
- Livestock Insurance

Capacity Building Trainings

- Financial Education Trainings
- Business Development Trainings
- Vocational Skills Trainings

Social Advocacy Interventions

- Social Theatre
- Television Dramas
- Gender Sensitization Workshops

Vision

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

Mission

Serving all with dignity by providing high quality and sustainable microfinance services to low-income families and micro-entrepreneurs to enhance financial capabilities, alleviate household poverty and enable all, especially women, to become active agents of social and economic change.

Core Values

1. Commitment to service with integrity and responsibility
2. Commitment to merit, diversity, dignity of all, and team-work
3. Commitment to innovation in products and processes
4. Commitment to institutional and client level sustainability
5. Commitment to transparency and fiduciary responsibility
6. Commitment to social and environmental responsibility

Corporate Information

Board of Directors
Dr.Hafiz A.Pasha- **Chairperson**
Ms.Rabia Khan- **Director**
Ms.Fatima Asad Khan -**Director**
Dr.Mehjabeen Abidi Habib-**Director**
Mr.Arif Masud Mirza-**Director**
Prof.Dr.Rukhsana David-**Director**
Dr.Ali Cheema-**Director**
Ms.Maliha Hamid Hussein-**Director**
Ms.Ameena Saiyid-**Director**
Ms.Sadia Khan-**Director**

Board Committees
Board Credit, Program and Finance Committee
Dr.Ali Cheema-Chair
Dr.Mehjabeen Abidi Habib-Member
Ms.Maliha Hamid Hussein-Member
Ms.Ameena Saiyid-Member

Board Audit Committee
Mr.Arif Masud Mirza-Chair
Ms.Fatima Asad Khan -Member

Board Investment Committee
Ms.Fatima Asad Khan-Chair
Mr.Arif Masud Mirza-Member
Ms.Maliha Hamid Hussein-Member

Board Human Resources Committee
Ms.Rabia Khan-Chair
Ms.Fatima Asad Khan-Member
Prof.Dr.Rukhsana David-Member

Board Information Technology Committee
Ms.Sadia Khan-Chair
Mr.Arif Masud Mirza-Member

Founder & Managing Director
Ms.Roshaneh Zafar

Chief Financial Officer
Mr.Shahzad Iqbal

Company Secretary
Ms.Saira Soofi

Auditors
EY Ford Rhodes
96-B-I, 4th Floor, Pace Mall Building
M. M. Alam Road, Gulberg-II, Lahore, Punjab
Phones: (042) 35778402
Web: https://www.ey.com/en_gl

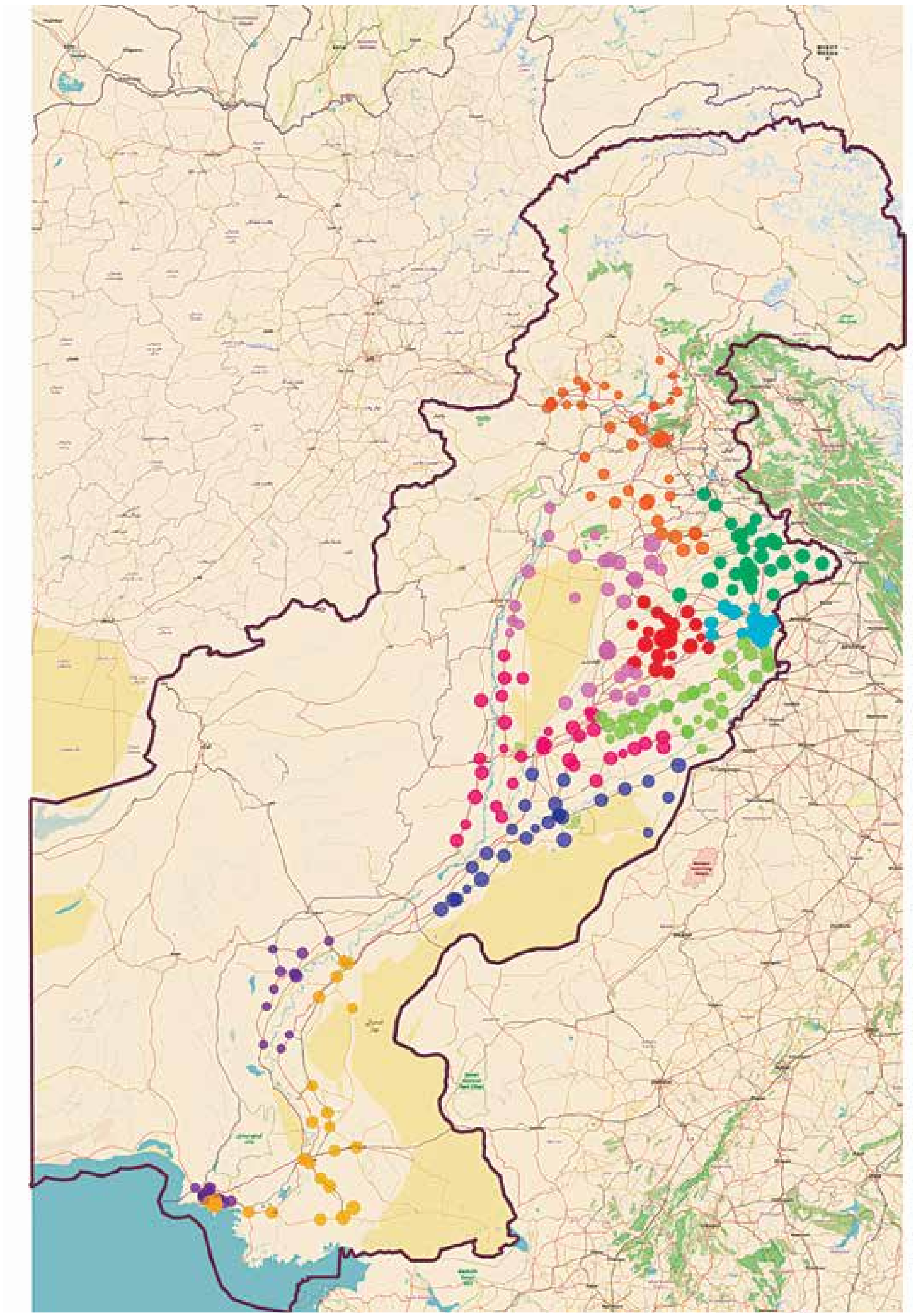
Legal Advisors
Mandviwalla and Zafar 7/B-1, Aziz Avenue,
Canal Bank Gulberg V, Lahore
Tel: +92 42 35715479
Web: www.mandviwallaandzafar.com

Tax Advisors
KPMG Taseer Hadi & Co
Chartered Accountants
351 Shadman-1, Jail Road, Lahore
Tel: +92(42) 111-576-484

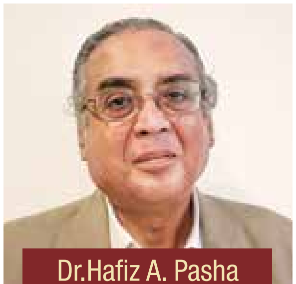
Registered Head Office
1 C, Shahrah-e-Nazaria-e-Pakistan,
Lahore, Pakistan
Phone: +(92-42) 35248901-25
Website:www.kashf.org

Geographical Outreach

Kashf Foundation currently operates in 37 districts of Punjab, 14 districts in Sindh, 8 districts in KPK and 1 district in Balochistan through a network of 325 branches.



Board of Directors



Dr.Hafiz A. Pasha
Chairman

Profession: Retired Civil Servant and Economist

Dr.Hafiz A. Pasha is a retired civil servant and a leading economist with a PhD in Economics from Stanford University, and a M.A in Economics from University of Cambridge University, U.K. He has held many notable national and international appointments including Advisor to the Prime Minister, Federal Minister for Finance and Economic Affairs, Founder Chairman of the Pakistan Poverty Alleviation Fund, Vice Chancellor/President of University of Karachi, Director of the Institute of Business Administration, Assistant Administrator at the United Nations Development Programme(UNDP), Regional Director of Bureau for Asia and the Pacific for the UNDP, Member Board of Governors for the World Bank, and Managing Director at the Institute of Public Policy (IPP).

Ms.Rabia Khan
Director

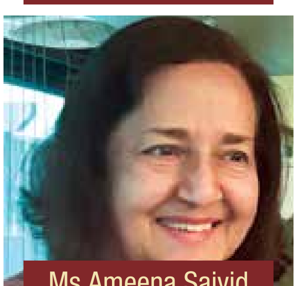
Occupation: Gender Specialist

Ms.Rabia Khan is a lawyer by profession and also holds a Masters Degree in Policy and Management from the Carnegie Mellon University, USA. Ms. Khan has worked in the field of Gender and Development for many years with the Canadian International Development Agency (CIDA) and has also worked with the International Union for the Conservation of Nature (IUCN) on Sustainable Development. Currently, Ms. Khan works as a freelance consultant.

Ms.Fatima Asad Khan
Director

Occupation: Managing Director, Abacus Consulting, Corporate Governance and People Solutions

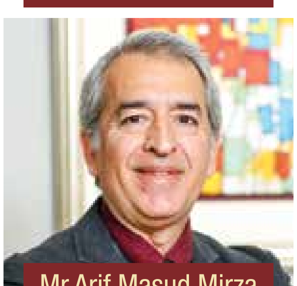
Ms.Fatima Asad Khan is the CEO of AbacusELS (a subsidiary of Abacus Consulting) which offers human resource outsourcing solutions, and is responsible for strategically managing the alliance partnership with Mercer, a leading global HR consulting firm. Ms. Khan has over twenty years of change management, organizational structuring and human capital development experience through strategic formulation and project management roles. After an MBA from Lahore University of Management Sciences (LUMS), she started her career with Coopers & Lybrand International and then moved to PricewaterhouseCoopers before joining Abacus Consulting.



Ms.Ameena Saiyid
Director

Occupation: Managing Director, Lightstone Publishers

Ms.Ameena Saiyid is the Founder and Director of the Adab Festival and Founder and Managing Director of Lightstone Publishers (Pvt) Ltd in Pakistan. She served as the Managing Director of the Oxford University Press for 30 years, becoming the first woman in Pakistan to do so. In 2005, she became the first Pakistani woman to be awarded the Order of the British Empire for her services to women's rights, education, and intellectual property rights in Pakistan, and to Anglo-Pakistan relations. She has held many notable positions including Secretary General of the Jinnah Society, Board Member of Habib University Foundation, Board Member of the Institute of Art and Culture, Lahore, President of the Overseas Investors' Chamber of Commerce and Industry, and Member of the federal education minister's Search Committee for the selection of scholars on Pakistan. Ms. Saiyid is also Trustee of the Vicky Noon Education Foundation, UK.



Mr.Arif Masud Mirza
Director

Occupation: Chartered Accountant, Regional Head of Policy for ACCA MENASA (Middle East North Africa and South Asia)

Mr.Arif Masud Mirza is a Chartered Accountant by profession and the Regional Head of Policy for ACCA MENASA (Middle East North Africa and South Asia) of the Association of Chartered Certified Accountants since 2014. Mr. Masud has headed senior positions at various organizations; he was the CEO/Head of ACCA Pakistan of the Association of Chartered Certified Accountants and Manager Finance & company secretary at International Investment Bank Ltd.

Board of Directors

Dr.Mehjabeen A.Habib
Director

Occupation: Consultant, Climate Change Specialist

Dr. Mehjabeen Abidi-Habib is a social ecologist and scholar of institutional innovations that change society based on social context, leadership, and adaptation in law and policy. Dr. Abidi-Habib has a PhD in Resilience from the Government College University Lahore, with a fellowship with the University of Oxford. The research emanating from this PhD was awarded the International 2007 Science and Society Award by the Resilience Alliance. Dr. Abidi-Habib has served on the Board of Directors of the Lahore Museum, Lahore Waste Management Company, Soan Valley Development Program, and the Lahore Zoo Advisory Committee. She has also served on the National Steering Committee on REDD+, and been an Advisor to the Pakistan Girl Guides Association.

Prof.Dr.Rukhsana David
Director

Occupation: Principal of Kinnaird College for Women

Prof.Dr.Rukhsana David has been serving as Principal of the prestigious Kinnaird College for Women Lahore since 2010. Dr. David's notable teaching career also includes being the Head of the Fine Arts Department at Kinnaird College, an Assistant Professorship at the College of Art and Architecture at Al-Khair University Lahore, and a Lecturer for the Fine Arts Department at the University of Punjab. Dr. David serves as a member of multiple boards such as the University of Punjab, Lahore College for Women University, and International Council of Museums. Dr. David holds a PhD in the History of Art from the Lahore College for Women University, Lahore, as well as a Masters in Fine Arts from the University of Punjab where she was also awarded a Gold Medal in Graphic Design.

Dr. Ali Cheema
Director

Occupation: Associate Professor, Economics, Lahore University of Management Sciences (LUMS)

Dr.Ali Cheema holds a PhD in Economics from the University of Cambridge, U.K. He has remained associated with the Lahore University of Management Sciences (LUMS) as an Associate Professor in Economics and Political Science since 2008. In addition, some of Dr. Cheema's notable professional affiliations include his positions as Director at the Mahbub ul Haq Resource Center, Member of the board of Trustees at the Institute of Development Studies Sussex U.K., Member of the Rhodes Scholarship Selection Committee, Member of the board at the Punjab Population Innovation Fund and Member of the board at the International Growth Centre (IGC). He has also served as a technical member of the Government of Punjab's Working Group on Smart-Testing and Smart-Containment of the COVID-19 outbreak. Dr. Cheema has been awarded with numerous honors, awards, and fellowships including Harvard South Asia Initiative Fellow, the Cambridge Commonwealth Trust Bursary, and The Cambridge Journal of Economics Political Economy Society Fund Award.

Ms.Maliha H.Hussein
Director

Occupation: Independent Development Consultant

Ms. Maliha Hamid Hussein works as an independent development consultant with a Broad range of development experience in diverse sectors. Ms. Hussein has extensive experience of working with all the major multilateral and bilateral agencies including the World Bank, the Asian Development Bank, and the United Nations Development Program. She has also been career diplomat with the Pakistan Foreign Service (1978-82). She currently serves as a Director of Sahil and previously held directorships in Pakistan Poverty Alleviation Fund and Enterprise & Development Consulting (Pvt.) Limited. Ms. Hussein obtained her M.Sc. in agricultural economics from Michigan State University and a certificate in international law, economics and politics from Oxford University, UK.

Ms.Sadia Khan
Director

Occupation: CEO Autosoft Dynamics (Pvt.) Limited

Ms.Sadia Khan has extensive experience in the field of Information Technology and Product Development for the Financial Services Industry. She has been serving on the Board of Directors of AutoSoft Dynamics since 2005. She took over as CEO of AutoSoft back in February 2017. Before joining AutoSoft Ms. Khan worked with Deutsche Bank New York, NY. Ms. Khan completed her Bachelors in Computer Science from Rutgers, The State University of New Jersey. She is currently the member of board of Naseeb Online Services (Pvt.) Ltd.

Chairman's Message

Dear Friends and Supporters of Kashf,

COVID-19 has impacted low-income households in the outgoing year. Women have been further disadvantaged in terms of bearing the brunt of the economic and social fallout resulting from lockdowns, economic contractions, and reduced market activity. Given that this is the exact target market for Kashf Foundation, Kashf has shown foresight and leadership in terms of relief and rehabilitation of its clients. Using client centric channels to understand the needs and aspirations of its clients, Kashf has undertaken a set of key initiatives including ration distribution, client specific loan rescheduling, trainings and mentoring on business continuity and digital channels for micro-businesses, testing mobile wallets for loan disbursements, and the development and disbursement of recapitalization loans, to help mitigate the economic impact of COVID-19. Through multiple interactions with Kashf clients, we have seen that a greater percentage of Kashf supported micro-businesses were able to sustain through lock-downs, compared with more established enterprises, and Kashf clients were not only able to contribute income to their households but also provide employment to others.

Overall, COVID-19 has shown that innovation and nimbleness can help mitigate the impact of a crisis even as big as a global pandemic. All over the world, we have seen a transition towards a 'new normal' through adaptations, inventions, and recalibrations. Kashf Foundation has stayed on the forefront of COVID-19 response through a constant evaluation of client pulse followed by quick and appropriate actions and changes in the organization's service delivery.

Moreover, even though this was an extremely challenging year, Kashf was able to deliver on all financial benchmarks; closing the year with an Operational Self Sustainability ratio of 115%, a Financial Self Sustainability ratio of 105% and disbursement of 547,617 loans worth PKR 26.86 billion. As we approach the next year, Kashf remains committed to introducing innovative products and services focused on client's needs to support them in their journey of rehabilitation. We are certain that with the continuing support of our partners, commitment of Kashf staff and the resilience of Kashf's clients, we will be able to create sustainable livelihoods.

I would like to thank all our partners, funders, donors, and the Kashf Management team for their hard work and effort in sustaining the Kashf mission.

Regards,

Dr. Hafiz A. Pasha
Chairman
Board of Directors
Kashf Foundation

Managing Director's Message

Dear Friends of Kashf,

In the last year, Kashf has been working to adapt business processes, create flexibilities, and make customizations at the client level to empower its clients to better cope with the effects of COVID-19. Kashf has introduced innovations on the product side by developing a women centric recapitalization loan which helps women micro-entrepreneurs whose businesses have been impacted by COVID-19 to rebuild their business assets and inventory. Kashf has also been testing and experimenting with digitalization to increase efficiencies in disbursements and recoveries by using new alternative delivery channels. Kashf has also launched a comprehensive training and capacity building program for its clients to help build their business and financial management skills wherein Kashf aims to train over 250,000 low-income women in the coming years. Moreover, to protect its staff and ensure safety, Kashf Foundation worked towards creating incentives and awareness for COVID-19 vaccination. By June 2021, 94% of Kashf staff had received at least their first vaccine dose which is significantly greater than the national percentage of 6.1%.

The shining stars of adaption have, however, been Kashf's women micro-entrepreneurs who have shown a dynamic mix of skills and coping mechanisms to sustain cash flows. Through the last year thousands of Kashf clients have shown remarkable courage and perseverance to develop solutions to the needs of their households as they braced the onslaught of economic and social impact of COVID-19. This year's annual report is a very special edition as we showcase the stories of five of our clients who have innovatively adapted and diversified to accommodate the impact of COVID-19. They are indeed the trailblazers that are paving the way.

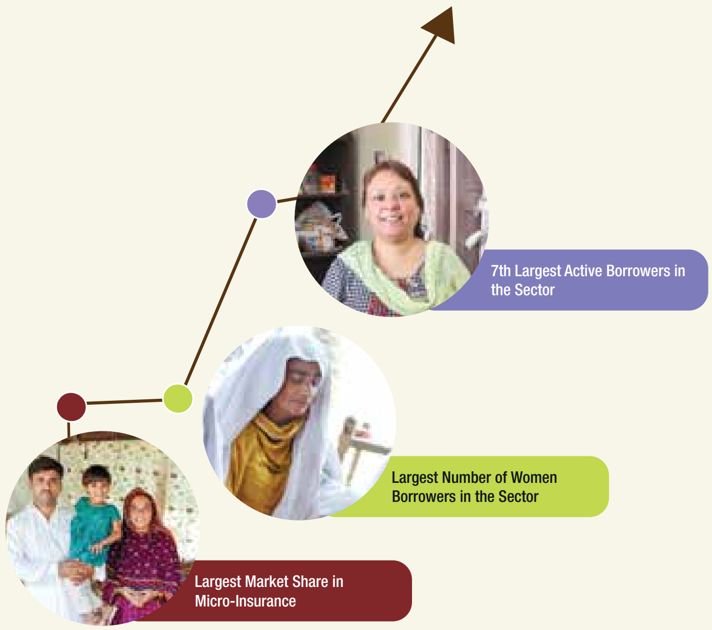
These inspiring women micro entrepreneurs are testament to the fact that when women are provided opportunities they rise to the occasion despite being worse off in terms of endowments and entitlements. These stories highlight how micro-businesses have far reaching inter-generational impact and can change deep rooted mindsets about gender norms and gender roles. This annual report is dedicated to not just Kashf clients but to the millions of women around the world who are standing tall in the face of adversity and responding to challenges brought forth by COVID-19.

As we gear up for another exciting year, I am thankful to our supporters and friends for espousing our mission and vision and the Board of Directors for their continued support and mentorship. I would also like to thank the entire Kashf team for their hard work and dedication towards ensuring that no client is left behind in their recovery from the economic and social impact of COVID-19.

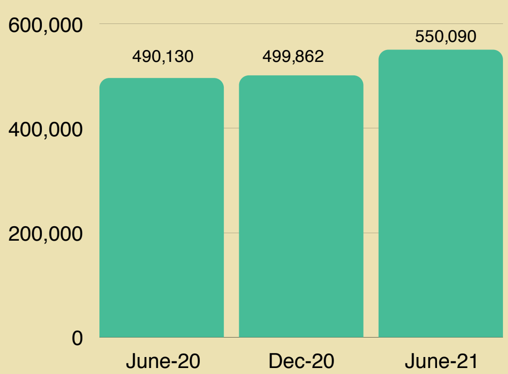
Best Regards,

Roshaneh Zafar
Managing Director
Kashf Foundation

Social Performance Dashboard June 2021



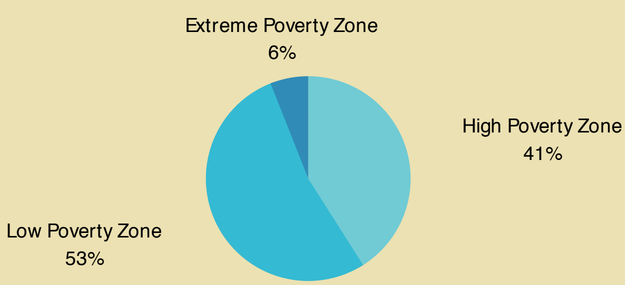
Client Outreach

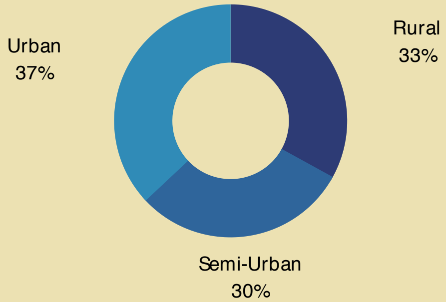


Product Distribution

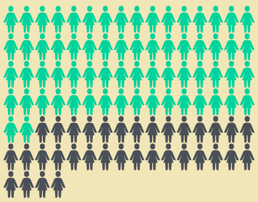
- 92.4% Business Loan
- 7.6% Household Consumption Loan
- 0.9M Life Insurance Beneficiaries
- 1.7 M Health Insurance Coverage

Portfolio Segmentation



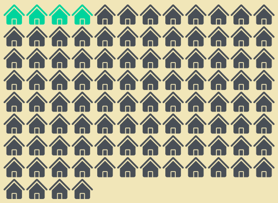


Loan Utilization



66% loan used in female led business

30% loan used in male led business



4% loan used in family business

Customer Care

97% of clients satisfied with customer care

91.5% of clients are satisfied with delivery channel

79.5% clients understand the pricing of the loan

Gender Diversity

70% female representation in the board

50% staff reporting to female managers

50% female staff gender ratio

Year on Year Operational Performance

Kashf Foundation closed June 2021 with 550,090 active clients which is a 12.23% increase over June 2020 numbers. In terms of amount disbursed, Kashf's year on year growth has been 26% with disbursements amounting to PKR 26.86 billion made in this year compared to PKR 21.30 billion in the previous year. Resultingly, the outstanding portfolio witnessed a 20% growth compared with June 2020. The average disbursement size for Kashf loans for the year was PKR 49,041. In terms of product diversity, Kashf has disbursed 390,811 Kashf Karobar Loans, 19,584 Kashf Murabaha, 87,321 Kashf Easy Loans and 10,539 Kashf Maweshi Karza. The Kashf Karobar Karza continues to be the main lending product for the Foundation with disbursements exceeding PKR 21.40 billion. In addition, Kashf Murabaha worth more than PKR 1 billion were disbursed in Noswhera, Manshera, Mardan and other districts of KPK. In the year, Kashf developed and disbursed a recapitalization loan (Kashf Bahali Karza) to help clients re-invest in their businesses which had been impacted by the pandemic. On June 2021, a total of 34,810 recapitalization loans worth PKR 1.94 billion were provided to women micro-entrepreneurs to help them re-establish their businesses post COVID-19.

Product	Loans Disbursed
General Business Loan - Kashf Karobar Karza	390,811
Shariah Compliant Product - Kashf Murabaha	19,584
School Finance Program - Kashf School Sarmaya	92
Livestock Loan - Kashf Maweshi Karza	10,539
Consumption Loan - Kashf Easy Loan	87,321
Recapitalization Loan - Kashf Bahali Karza	34,810
Emergency Loan for Existing Clients - Kashf Sahulat Karza	4,460
Total	**547,617**

On the insurance front, Kashf Foundation continues to remain the largest provider of micro-insurance in Pakistan with 32 % of the market share with respect to total policy holders in Pakistan. Kashf has provided over 2.74 million insurance policies under both life and health insurance. With respect to the total sum insured across Pakistan, Kashf also holds the market share at 24.9 % with a monetary value of PKR 78.65 billion.

Year on Year Financial Performance

Despite the unprecedented economic contraction due to the pandemic, Kashf Foundation's financial performance and outlook has remained positive. In this year, the operational self-sufficiency increased to 115% from 104% in June 2020, while the financial self-sufficiency also increased to 105% from 97% in June 2020. The Return on Asset(ROA), Return on Equity(ROE), and Debt to Equity Ratio have also been maintained within acceptable benchmarks i.e. at 3.10%, 15.88% and 78:22 respectively. Moreover, the administrative efficiency ratio has remained stable despite the increased costs associated with operating in the pandemic. This signifies that Kashf has capitalized on improved processes and procedures and undertaken efficient resource planning to maintain sound financial health despite difficult economic and operational circumstances.

Ratios	June 2021	June 2020
Operational Self Sufficiency	115%	104%
Financial Self Sufficiency	105%	97%
Adjusted Return on Assets	3.10%	1.0%
Adjusted Return on Equity	15.88%	5.16%
Debt-Equity Ratio	78:22	80:20
Administrative Efficiency	16.21%	16.16%

Kashf's Human Resources Dashboard

In line with its mission of transforming lives, Kashf Foundation provides a fair, equitable, and harassment-free workplace to its employees. Inclusion and diversity are key priorities for Kashf and the organization focuses on creating and upholding a distinctive culture which derives from Kashf's core values of integrity, responsibility, dignity, innovation, responsiveness, and sustainability. Based on the premise that embracing diversity is pivotal for a company's success, Kashf's human resource policies value and promote diversity.

Gender is a key focus for Kashf, and even though Pakistan's female labor force participation rate is a mere 25% , Kashf has a 50% gender ratio in its staff base. Kashf has been able to maintain gender diversity via specialized programs at multiple levels which start from the policies in place at the level of recruitment and extends throughout the course of employment with Kashf. The table below shows the Gender Ratio across the field tiers.

	%age Females	%age Males
Business Development Officers	50%	50%
Branch Managers	49%	51%
Area Managers	52%	48%
Regional Managers	50%	50%

In this year, Kashf's operational and administrative staff base was 2,621. Kashf was able to maintain its institutional gender ratio at 50%. The table below shows the key human resources numbers for the year.

	June 2021	June 2020
Total Head Office Staff	100	100
Total Field Staff	2,521	2,702
Operational And Administrative Staff	2,621	2,802
Staff Gender Ratio	50%	50%
Yearly Turnover	14%	15%

Photo Credit: Anuam Ather

Kashf FOUNDATION

Bushra Bibi: Navigating in a Man's World

Women's mobility is a major issue given existing social norms in Pakistan. In fact a CERP survey undertaken in Lahore in 2017 revealed that over 70% of males discouraged female relatives from availing public transport, as it was seen too unsafe for women . The inability to address women's transportation needs has been one of the biggest limiting factors for hundreds of thousands of women who cannot access schools, colleges, market places, and offices. Bushra Bibi, a Kashf client from Lahore, has found her calling by helping women reclaim their space in public by providing a safe and socially acceptable way to travel through her pink rickshaw.

Bushra Bibi has always tried to find opportunities even when faced by the most insurmountable challenges. Compelled by financial constraints, while her husband was alive, Bushra Bibi contributed to her household income through multiple small avenues such as a small-time matchmaking services and by tailoring clothes for neighbors and family. She could have done more, she recounts, but societal norms dictated that she not work out of her home. However, after her husband passed away from a sudden heart attack; Bushra Bibi decided to break away from gender segregated businesses with low-returns and start something innovative and big. Her idea was to start something that would not only help her earn a higher income, but also enable other women from her community to fulfill their aspirations. After some weeks of thinking and brainstorming, Bushra Bibi came across an advertisement in the newspaper announcing a subsidized rickshaw scheme for women, which could only be deemed as a sign from God.

The prospects of being the only female rickshaw driver in her community excited and scared her in equal measure. She was concerned about what people would say, how her in-laws and children would perceive it, and about the long hours and potential security concerns. But Bushra was driven by her conviction to achieve something big. The only challenge that remained was how to arrange money to make the down-payment for the rickshaw. She thought about asking family and friends, but having relied on their support since her husband's death she started exploring other alternatives. Some women from her community had taken loans from Kashf Foundation for their businesses, so she enquired about their experience with Kashf. Upon receiving positive feedback from existing clients, she was able to quickly secure a loan of PKR 40,000, which she used to make the down payment and first installment for the rickshaw.

At breakneck speed, Bushra learned how to drive, managed to get a driver's license, and completed all formalities to procure the rickshaw. She recalls making naïve mistakes in the early days when she initially started driving on the roads. But remembers that many people enabled and advocated for her, especially Lahore's traffic wardens. Within a few months, Bushra Bibi was able to sign on some 'regulars' including school children, women professionals and school teachers that she transported back and forth. All these riders preferred a female rickshaw driver because they felt safer with a woman. One of the school teachers she used to provide conveyance to shared that her husband had been telling her to quit teaching because he was not happy about the long journey she was making with an unknown male rickshaw driver but changed his stance after she started using Bushra Bibi's rickshaw.

Bushra Bibi's days were packed, but she would still come home in the middle of the day to take care of her household duties. She was undaunted in her resolve and did not pay any heed to the people who taunted her, despite the fact that like many women in her situation, a significant portion of her time went into domestic work. However, the appreciation she received from women customers also helped her to remain steadfast in the face of any social criticism and in the light of her additional responsibilities. She was convinced that her hard work would pay off and soon enough, the naysayers also stopped their opposition and she was able to gain everyone's support.

Bushra Bibi started earning around PKR 40,000 from her regular rides. After a year, she also secured another loan from Kashf to buy a motorcycle for her elder son who wanted to become a rider with a popular ride hailing service in Lahore. She was also able to acquire small household items that made her role as a homemaker easier – these included a refrigerator, a microwave and a room cooler.

Things were looking up for Bushra Bibi and her family, but then the COVID-19 pandemic emerged and the government responded with a nation-wide lockdown. At first the lockdown and its effect despite being dire seemed temporary, but when the Government announced school closures and office closures, Bushra Bibi lost all her regular customers. Bushra Bibi had to quickly cope with the evolving situation, and started offering shorter routes on her rickshaw and resumed her earlier businesses of stitching and match making. The variability in income meant that there were days they ate two meals instead of three, but she continued to work hard in order to make ends meet. Today, despite the schools being closed, Bushra Bibi is able to earn around 75% of her pre-COVID income.

Bushra Bibi is a strong proponent of working smart and working hard in order to pave the way for a better future. When asked about the next big step she would like to take, Bushra Bibi shared her wish to buy a van which she can use instead of her rickshaw to pick and drop students, teachers and other professionals. She feels she will be able to carry more passengers in a bigger vehicle, and also be less restricted in case of future lockdowns by providing intra-city travel. Her dream is to enable women to access more opportunities through her transport services. Bushra Bibi's vision is in fact corroborated by research, which shows that providing women access to smaller vehicles that fill up quickly and are run on crowded routes can be a sustainable option for meeting the transportation needs of females.

Saira Bano: Peering through the Kaleidoscope

At first glance Saira Bano's small but well stocked shop feels like peering into a kaleidoscope full of myriad shapes, colors and designs. The shelves are well-stocked with inventory; some items are sorted by color, while others are sorted by size or category. In the middle of this organized chaos stands an accomplished woman micro-entrepreneur who has been instrumental in turning around the financial fate of her household.

Saira's husband had to shut down his thriving grocery store because of health issues, consequently Saira began to cut back on essential expenses, which meant immense suffering for her and her two children. They looked towards her husband's family for support, but they did not facilitate them at all, despite the fact that her husband had helped them financially in the past. Two long years were spent on hand-outs and hand-me-downs from Saira's parents and siblings. Saira started stitching clothes for some of her family members, but the income was barely enough to meet food expenses. To assist Saira with her stitching business, her husband would help by purchasing basic materials that she required such as thread for stitching, laces and buttons etc from the market. This made her realize that there was a potential for setting up a small shop in her house to sell basic items needed for tailoring by women, as most women in her community had to rely on men to purchase things from the market. Data has shown that women's access to markets and their mobility is closely linked to socio-cultural factors such as taboos regarding women traveling alone or without a male member of the family, a fact which Saira saw as an opportunity.

She discussed the idea with her husband, who was very supportive but told her that they needed capital for buying merchandize as having a well-stocked store was an important requisite for the venture's success. Saira did not want to borrow money from her brothers who had already done so much for them. At this juncture Saira found out about Kashf Foundation and decided to visit the Kashf branch with her husband, and was pleasantly surprised to find out about the minimal requirements for accessing a loan. Within a week she was able to get her first loan, which enabled her to start off with some essential inventory comprising of boxes of different colored thread and other raw materials required for stitching, all of which sold quickly. Encouraged by the response and seeing the demand for other products, she was able to quickly add more items, which she bought from wholesale markets in order to increase her profit margins.

Saira Bano has continued to build her business and has also sustained her relationship with Kashf Foundation. She has taken incremental loans to add several new ranges of products such as laces, buttons, bangles, costume jewelry, cosmetics, and even undergarments. Starting from a loan of Rs.30,000, 7 years ago, Saira's business volume has grown to absorb a loan 2.5 times larger. Saira has diversified her procurement options by purchasing high quality and yet affordable items from Haripur and Rawalpindi. A major Unique Selling Point(USP) for Saira Bano's business has been her ability to provide a wide array of products to her mostly women clientele since she has expanded the business from a basic shop to a one stop store for women in the area.

The impact of COVID-19 and lockdowns on her business, left her income largely unaffected. In fact, while big retailers suffered losses due to forced closures by the government to control the spread of COVID-19, Saira was able to run her community based shop on a daily basis and continued to provide essential items to women. With a keen foresight into inventory management, Saira's shop was always well stocked and catered fully to customer demands.

Today, as a result of her business, Saira has been able to send all her children to school, while her husband has been able to get back on his feet as well by establishing an electrician business. Together, they earn up to Rs.80,000 per month, which is not only sufficient to cover basic household expenses but also allows her to save and reinvest in the growth of her business as well. According to Saira, the greatest fruit of her labour has been her capacity to fulfill the wishes of her children, which had been compromised for years due to economic hardships. The positive impact of her business has not only been limited to her family, but there has been a spillover effect in the community in terms of the acceptability of women led businesses in general. Seeing Saira succeed, other women in the area also found courage to set up small shops in their houses to sell basic items such as thread spools. Saira takes strength from the entrepreneurship she has enabled and even shared that she has taken some items such as thread spools out of her inventory to reduce competition for these new ventures and allow other women's businesses to flourish. Saira's success highlights the fact that women entrepreneurs not only lead to greater employment opportunities within their communities, but can also become avenues of change for other women by carving out new business spaces.

Majeeda Bibi: A Powerhouse of Entrepreneurship

Venturing into larger markets for both purchase of raw materials and sale of finished products is a key success factor for micro-businesses. However, a majority of women entrepreneurs tend to focus on the informal sector as they are discouraged to work outside of their homes and are unable to leverage on market opportunities. However Kashf's client, Majeeda Bibi from Sukkur has successfully demonstrated the benefits of enhanced backward and forward market linkages in order to increase revenues for her rilli making business, despite facing huge social constraints. Majeeda Bibi is an ace producer of rillis and a hardnosed business-woman, who exclusively sells her rillis in Karachi in order to get better prices for her exquisitely handcrafted pieces.

The art of rilli making and the intricate patterns that characterize the craft have been passed down inter-generationally from mother to daughter and date back many centuries. Majeeda Bibi, like others in the neighborhood, started making rillis at an early age. First as a piece rate worker for others as she did not have finances to purchase raw materials and then later at a small scale when she was able to save some funds to start her own production. After a few years of gaining experience in producing and selling her own rillis, she approached Kashf for a loan. The Kashf staff were able to quickly analyse her business potential and provided her with a loan to grow her business.

From the first Kashf loan Majeeda Bibi bought raw materials for the rillis from the close by town of Shikarpur, as the rates were cheaper for purchasing in bulk. She worked hard along with her daughters and also hired some other women from the neighborhood in order to quickly turn all that raw material into beautiful pieces. At the same time, she started looking at further backward linkages and discovered that she could find inputs at a much cheaper rate in the city of Larkana and quickly shifted her procurement there, while at the same time negotiating better prices for her end products. Within a year, Majeeda Bibi was able to grow her business manifold.

In the following year, with a larger loan from Kashf, she decided to explore selling her products in Karachi. She had a lot of reservations as the Karachi market could only be accessed through agents and very few rilli producers were able to sell directly to shopkeepers, so she worried that she may not be able to sell even a single piece without the right connections. But Majeeda Bibi was happy to have all her reservations and insecurities put to rest as shopkeepers in the market readily picked up her work and told her they were willing to buy more of her merchandize, given her unique designs and excellent quality. In Karachi, she also found out that the inputs were 30% cheaper than Larkana and since that day she exclusively buys all the raw material from Karachi, which has helped her increase profit margins, despite paying better wages to people who work for her.

There are several other reasons why Majeeda Bibi is able to outperform other rilli makers; firstly she has chosen the best skilled artisans, around 25 in number, within her neighborhood that work exclusively with her as she pays them better returns. Moreover, she has established a sound system of record keeping for the artisans and the shops to make sure that she is always on top of her liabilities and assets. Furthermore, Majeeda buys only the best materials to use for her rillis and despite assurances from the vendors that the colors of the materials will not run, she still hand washes each bale of cloth to guarantee that its color is fast. As design is the key element of her products, along with drawing inspiration from her own imagination, she also visits different markets on a regular basis to keep abreast of new demands and color themes.

Another key factor for success is her focus on quality control - once she finalizes the design she makes a kit of all the materials needed for a rilli and hands it over to the artisan, after which she monitors the progress of each piece. She also gives the artisans regular feedback on their work to ensure the quality of the end product. Initially, she had to spend a great deal of time with each artisan to build their capacity to deliver the expected quality, but over time this has changed considerably as artisans are able to produce the standard required to sell the rillis in Karachi. Once a month, she goes to Karachi to sell the merchandize, as selling in bulk helps her to get a better rate and also cuts down on transportation costs. Generally, Majeeda Bibi sells partially finished rillis in Karachi because she says that the shopkeepers there are able to do the finishing better and can also customize it based on customer preferences.

While COVID-19 impacted the economy badly, Majeeda Bibi's business has remained relatively protected to market closures and the elasticity of demand for her products has remained stable as she produces for a niche market which is more quality conscious than cost conscious. Moreover, during lock-downs she was able to work directly with both home based artisans and market vendors without any trouble as she had built good relations with them over the years.

At present, Majeeda Bibi is able to make a profit of PKR 1,000 on each rilli she sells to Karachi and can earn upwards of PKR 35,000 a month in profits. Over the years, through the money she has saved from her business, she has been able to pay for the marriage ceremonies of her seven children and has also the infrastructure of her home. She has also installed a solar panel at her house to deal with the excessive power shortages in the area. Majeeda Bibi says that without her first Kashf loan she would not have been able to grow her business and would have still been struggling financially. In the future, Majeeda Bibi plans to continue to expand her business through larger loans. Her advice to others who want to run a successful business is to focus on both backward and forward linkages for the business and remain abreast with latest market trends. Undoubtedly, women entrepreneurs like Majeedan Bibi have to take many risks, some calculated and some not, to succeed in sustaining their businesses, for statistics show that over 20% of women led businesses fail in their first years and 50% do not sustain beyond five years. Majeedan Bibi has definitely beaten these odds by availing market opportunities at each step of the way.

Shazia Samri: From Dreams to Achievement

Visibly at ease in the busy market of Yakatoot, Shazia Samri recounts her chilhood; she was born into a conservative low income Pathan household her childhood was heavily marred by financial struggles. These emanated from strict social norms which completely barred her mother from earning an income, while her father struggled to make ends meet as a sole earner. Unfortunately for the family, while Shazia was still in school, her father passed away, which pushed them into further economic distress. Cautiously, her mother started an embroidery business which meant that Shazia had to leave school to help with household chores and eventually she started helping her mother with the embroidery work as well. Shazia was very interested to work at a beauty salon, with aspirations to own one of her own one day, but her mother and other family members did not think it was socially acceptable for a woman to work outside the house. Shazia took their disapproval at face value and grabbed every opportunity to learn beautician techniques and skills without formally working at a beauty salon.

After her marriage, her husband was supportive of her idea to set up a salon and soon after she started her business in a close by rented space. Initially, Shazia used some money she had saved from her daily expenses, while she also convinced her husband to invest some of his money into her business. Shazia was faced with numerous challenges when she set out on her journey: low education, no work experience and hesitation in interacting with the outside world given her cloistered upbringing. But instead of giving up, Shazia used all her energies to overcome challenges through the process of learning from her mistakes and using each failure as an opportunity to improve herself. She began by emulating what she thought was 'success' – learning from her husband how he dealt with shopkeepers, copying customers whose communication impressed her, and enhancing her beautician skills in order to become the best at her craft. Within a few years she didn't have to imitate other people's good practices and her hard work and perseverance to establish a successful enterprise paid off. Steadily her customer base started to grow and her income began to increase which necessitated that she improve the outlook and appearance of her parlor.

To raise funds for her salon expansion, Shazia approached Kashf for a loan. She used her first loan to improve the infrastructure of her parlor which included refurbishing it and adding new products and services to the existing menu. With her second loan from Kashf she moved the salon to a bigger space and made other improvements. Gaining confidence from her incremental success, Shazia decided to use a novel price strategy - while other beauty parlors in nearby areas choose to charge higher rates for their services, Shazia Bibi altered her approach by lowering prices to increase client footfall, thus consciously following a penetration pricing approach to create demand for her services. This proved to be a very effective change in her business model as clients were extremely pleased with receiving quality services at a low price. This also helped her build repeat clientele.

Owing to her commitment to not give up her dream, her hard work and her innovative business approach, Shazia has been able increase her household income from PKR 6,000 to PKR 50,000. She was able to buy a fridge, furniture, crockery, and contributes regularly to household expenses and her children's school fees. Moreover, as time has passed and her salon's popularity has increased, as she has continued to plan and expand the scale of her beauty parlor to cater to more customers. She has also diversified her business by taking an additional loan from Kashf to buy fabric from Lahore to sell to her salon customers. She realized she already had a place of business and clients, all she needed was another high demand product to sell without too much incremental investment, thus using a blended marketing approach to add to her income stream.

When the devastating COVID-19 hit Pakistan in February 2020 and the lockdown was imposed in March 2020, beauty parlors were one of the most impacted sectors in the country. However, this did not stop Shazia from continuing her business. Being an established entrepreneur and a confident business woman, she was able to maneuver against this challenge by running her business from her house while ensuring adherence to COVID-19 protocols such as wearing of masks and sanitizing her work area repeatedly. Moreover, she also continued to sell fabric she had bought from Lahore. Shazia Bibi's business acumen and quick thinking allowed her to retain around 70% of her income in the months of lock down and after the lockdown was lifted, she was able to scale up her income to pre COVID levels.

Shazia Bibi has been a source of inspiration for young girls in her community and her family. Besides teaching her sister this trade, she has taught fifty other girls on how to become successful beauticians. She not only taught them different skills such as make-up, haircutting, and dyeing but also what products to buy, how to deal with different suppliers and how to establish their own parlors, all important lessons she has learnt along the way. In fact, she goes with them to the market and teaches them how to negotiate with the suppliers to ensure they get the best deal. Shazia has not only created economic prosperity for her household but has also been able to contribute towards creating space for other women to follow her lead. Undoubtedly, mentoring is an important lever that can advance more women in their work and in addressing economic opportunities they might otherwise not avail, something Shazia Bibi has passionately set out to do for other women in her community.

Rubina Bibi: An Equal Partner

The hallmark of a great business is a passionate micro-entrepreneur who runs the business not just to contribute to household income but because the business fulfils their self-actualization needs. Rubina Bibi, a Kashf client from Multan, is one such micro-entrepreneur who has used her passion for cooking to create a lunchbox delivery and frozen food business in partnership with her husband, which not only sustains their household but also gives Rubina a continuous sense of personal accomplishment. In Pakistan, gendered norms dictate that women take on all domestic chores, which generates high disparity in work burdens where women work 11 times more than men in terms of unpaid care. However, Rubina and her husband have worked out a different formula over time but the journey wasn't easy.

When Rubina got married, she was a shy and naïve student of intermediate; her husband believed that a woman's place was inside the house. Hence, while he was responsible for being the bread earner, it was her job to undertake all household duties. Her husband had a thriving boutique and cloth business and was considered the most resourceful person in the family. However, just two years after marriage, he lost a great deal of his money to fraud, which led to huge business losses. As their financial hardship increased, friends and family members started distancing themselves from the struggling couple. A household which had seldom been in want of anything, was faced with huge uncertainty regarding their future survival. They had some rental income but it was insufficient to cover household expenses.

Seeing their new circumstances, Rubina knew that she will have to rise to the occasion in spite of her husband's patriarchal attitudes towards women's economic participation. It took a lot of cajoling and convincing, but she was able to impress upon him to allow her to start a small home based business. Rubina was an excellent cook and therefore it seemed only natural that she start a business in line with her skills. While she had ideas for her business venture like starting with selling frozen foods and then branching out into home cooked meals, she did not have access to capital. She first approached a nearby bank for a loan, but was unable to fulfill the requirements and documentation for accessing a loan. At the same time, she was also harassed by some of the bank staff during her interactions. She was extremely discouraged but could not breathe a word of the harassment to her husband, as he would have completely forbidden her to seek access to a loan. At this very hopeless juncture she learnt about Kashf Foundation's gender centric loan program. For Rubina the Kashf credit experience was in direct contrast to her earlier banking experience, as the loan was easy to access with very simple loan processing requirements. Upon contacting Kashf, Rubina's loan was approved within days and she was able to secure capital to begin her business.

When she started her business it was the month of Ramzan so she seized the opportunity and began by making frozen food items like samosas, rolls, cutlets and kebabs. These proved to be an instant hit amongst neighbors, friends and family members. In the first month she was able to generate a revenue of about PKR 50,000. This income was readily welcomed into the house and helped reduce some of their economic hardship. During her visits to several banks and Kashf for a loan she had realized that there was a market for packaged meals in offices. So she decided that she would test the market and see if she could make lunch boxes for office employees. She made some brochures for marketing and dropped them at nearby bank branches.

She did not have to wait long before she received a call from a bank employee asking her to send in a sample, which if deemed satisfactory, would lead to an order of four lunchboxes. Rubina diligently prepared and sent the samples across and they liked the food so much that ten co-workers decided to place their order for lunch. Soon through word of mouth, other professionals also started calling to place orders and she was able to secure regular clients from three banks. Rubina used to send the lunches through her nephew on his bike but frequently the nephew would not be punctual and at times the food would arrive its destination with spillage. Seeing the success and potential of her business, her husband started getting involved, initially by taking the responsibility of the lunch box delivery. And then gradually, he also started helping her in the food preparation. Now he not only manages the deliveries but also undertakes procurement of all groceries and also helps Rubina in the food preparation. Seeing Rubina cook day in and day out has also inspired her husband and he has learned to cook as well, which given his earlier stance on gender roles is a huge shift.

In terms of cash management Rubina diligently keeps records of all their customers and knows the status of payments due, so she can remind her husband when he goes to make the deliveries for the necessary follow up. Rubina has been able to make a success out of her businesses, however, when COVID-19 hit and the offices were closed with employees working from home due to Government Standard Operating Procedure (SOPs) she suffered considerably. But as the lockdowns were lifted, she was able to recover to pre-pandemic levels. However, as a means to diversify her income and protect herself from further income shocks due to COVID-19, she has also set up an additional business. She secured a new loan from Kashf to set up a cloth trading business which gives her additional cash-flows and is easy to manage from her house. Rubina and her husband buy fabric from the whole sale market and then sell it within their community. Her cloth trading business has an edge over others because of the experience that her husband had of running a boutique and shop. She also continued to supply frozen food items throughout COVID-19 lockdown which also helped supplement their income.

Income from the two businesses has allowed the family to regain financial security and to afford a better standard of living for their family. Their son attends a private school in the area and they intend to send their daughters to the same school when they are old enough. As for the relationship she shares with her husband, Rubina feels it is now definitely more equal as Rubina and her husband see themselves as a team, which is working in partnership for the betterment of their family, while her husband definitely appreciates the time she invests in domestic chores. Her husband proudly places credit for their current happiness and standard of living on the courage, foresight and perseverance of Rubina, which is a complete change in terms of the traditional roles attributed to women in society. Rubina and her husband stand out in their community, where both of them are making commitments to accelerate gender equality within their home and beyond.

Kashf
FOUNDATION

Kashf Supporters

PMIC Pakistan Microfinance Investment Company Limited

NBP National Bank of Pakistan

MCB Bank for Life

JS BANK

SILKBANK Yes we can

UBL where you come first

Proparco GROUPE AGENCE FRANÇAISE DE DÉVELOPPEMENT

FMO Entrepreneurial Development Bank

BOP THE BANK OF PUNJAB

MICROVEST PURPOSEFUL INVESTING

Bank Alfalah The Way Forward

InsuResilience InvestmentFund

askaribank

incofin INVESTMENT MANAGEMENT

symbiotics

faysalbank

DFC

Standard Chartered

Frankfurt School of Finance & Management German Excellence. Global Relevance.

OeEB

finnfund

ADB ASIAN DEVELOPMENT BANK

CDC Investment works

PAK OMAN

Coca-Cola

Sindh Education Foundation Government of Sindh

UN WOMEN United Nations Entity for Gender Equality and the Empowerment of Women

skoll FOUNDATION

PAKCHINA

Philip Morris (Pakistan) Limited

Canada

KASHF FOUNDATION

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

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

EY

Building a better working world

KASHF FOUNDATION

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2021

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INDEPENDENT AUDITOR'S REPORT

To the members of Kashf Foundation

Report on the Audit of the Financial Statements as at 30 June 2021

Opinion

We have audited the annexed financial statements of **Kashf Foundation**, which comprise the statement of financial position as at 30 June 2021 and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in accumulated funds, the statement of cash flows for the year then ended, and notes to the financial statements, including 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, the statement of comprehensive income, the statement of changes in accumulated funds and 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 2021 and of the surplus, total comprehensive income, the changes in accumulated funds and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the other information. The other information comprises 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 conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Building a better working world

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, statement of income and expenditure, the statement of comprehensive income, the statement of changes in accumulated funds and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matters

The financial statements for the year ended 30 June 2020 were audited by another firm of chartered accountants whose report dated 5 October 2020 expressed an unmodified opinion.

The engagement partner on the audit resulting in this independent auditor's report is Abdullah Fahad Masood.

EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants
Lahore: 11 October 2021

KASHF FOUNDATION
(A COMPANY SETUP UNDER SECTION 42 OF COMPANIES ACT, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 Rupees	2020 Rupees (Restated)
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	861,896,243	908,845,017
Intangible assets	7	37,944,865	23,490,152
Investment property	8	88,150,750	82,503,900
Long term investments	9	180,515,000	-
Long term loans	10	217,730	626,924
Long term micro-credit loan portfolio	11	216,962	35,743,313
Financial assets used for hedging	12	103,255,478	540,788,445
Long term deposits	13	463,360	4,978,660
		1,272,660,388	1,596,976,411
CURRENT ASSETS			
Micro-credit loan portfolio	14	15,218,745,610	12,228,496,867
Kashf Murabaha portfolio	15	539,440,958	405,701,513
Accrued service charges	16	190,960,347	637,442,247
Short term investments	17	1,213,032,111	2,301,094,893
Financial assets used for hedging	12	51,112,473	809,083,642
Advances, deposits, prepayments and other receivables	18	604,887,258	566,258,692
Cash and bank balances	19	5,923,306,812	6,111,038,513
		23,741,485,569	23,059,116,367
		25,014,145,957	24,656,092,778
FUNDS AND LIABILITIES			
FUNDS			
Donated funds	20	240,035,924	235,395,910
Accumulated surplus - revenue reserve	21	3,908,882,532	3,284,676,599
Loan loss reserve - revenue reserve	21	823,285,358	678,394,521
Hedging reserve - capital reserve		23,427,241	(107,241,160)
Surplus on revaluation of land - capital reserve	22	300,203,137	300,203,137
		5,295,834,192	4,391,429,007
NON CURRENT LIABILITIES			
Long term financing	23	10,162,784,549	13,014,743,858
Lease liabilities	24	128,810,341	135,554,973
		10,291,594,890	13,150,298,831
CURRENT LIABILITIES			
Current portion of long term financing	23	8,071,550,336	5,998,382,280
Current portion of lease liabilities	24	68,511,543	64,697,137
Short term borrowings	25	43,415,547	133,555,461
Deferred grants	26	386,277,030	34,321,415
Accrued markup	27	417,198,716	611,718,246
Trade and other payables	28	439,763,703	271,690,401
		9,426,716,875	7,114,364,940
		25,014,145,957	24,656,092,778
CONTINGENCIES AND COMMITMENTS	29		

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Executive Officer | Chief Financial Officer | Director

KASHF FOUNDATION
(A COMPANY SETUP UNDER SECTION 42 OF COMPANIES ACT, 2017)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 Rupees	2020 Rupees (Restated)
Mark-up and other charges on micro-credit loan portfolio	30	**4,839,852,835**	4,979,034,703
Profit on Kashf Murabaha		**161,225,292**	171,858,449
Grant income	31	**67,849,808**	79,129,085
Return on investments and bank deposits	32	**633,592,069**	626,108,560
		5,702,520,004	5,856,130,797
Programme cost	33	**(2,479,045,843)**	(2,171,872,117)
Grant expenses	34	**(67,849,808)**	(79,129,085)
Finance cost	35	**(2,022,447,965)**	(2,640,567,373)
		(4,569,343,616)	(4,891,568,575)
		1,133,176,388	964,562,222
Management and administrative expenses	36	**(433,667,542)**	(410,998,612)
Other expenses	37	**(28,426,040)**	(375,466,765)
Other income	38	**98,013,964**	31,519,742
		(364,079,618)	(754,945,635)
Surplus for the year		**769,096,770**	209,616,587

The annexed notes 1 to 46 form an integral part of these financial statements.

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

KASHF FOUNDATION
(A COMPANY SETUP UNDER SECTION 42 OF COMPANIES ACT, 2017)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 Rupees	2020 Rupees (Restated)
Surplus for the year	A	**769,096,770**	209,616,587
Other comprehensive income / (loss)			
Items to be reclassified to income or expenditure in subsequent periods:			
Hedging reserve - changes in fair value		**130,668,401**	(236,451,545)
Items not to be reclassified to income or expenditure in subsequent periods:			
Surplus on revaluation of property and equipment		-	90,725,000
Other comprehensive income/(loss) for the year	B	**130,668,401**	(145,726,545)
Total comprehensive income for the year	A+B	**899,765,171**	63,890,042

The annexed notes 1 to 46 form an integral part of these financial statements.

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

KASHF FOUNDATION
(A COMPANY SETUP UNDER SECTION 42 OF COMPANIES ACT, 2017)
STATEMENT OF ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 JUNE 2021

		Revenue reserves		Capital reserves		
	Donated funds	Accumulated surplus	Loan loss reserve	Hedging reserves	Surplus on revaluation of land and building	Total
	Rupees					
Balance as at 1 July 2019	235,395,910	3,237,035,045	516,419,488	129,210,385	209,478,137	4,327,538,965
Total comprehensive income						
Surplus for the year - restated (note 2.4)	-	209,616,587	-	-	-	209,616,587
Other comprehensive loss for the year	-	-	-	(236,451,545)	90,725,000	(145,726,545)
		209,616,587	-	(236,451,545)	90,725,000	63,890,042
Transferred from general funds to loan loss reserve	-	(161,975,033)	161,975,033	-	-	-
Balance as at 30 June 2020	**235,395,910**	**3,284,676,599**	**678,394,521**	**(107,241,160)**	**300,203,137**	**4,391,429,007**
Total comprehensive income						
Surplus for the year	-	**769,096,770**	-	-	-	**769,096,770**
Other comprehensive income for the year	-	-	-	**130,668,401**		**130,668,401**
		769,096,770	-	**130,668,401**	-	**899,765,171**
Micro-credit loan portfolio disbursed against grant	**4,640,014**	-	-	-	-	**4,640,014**
Transferred from general funds to loan loss reserve	-	**(144,890,837)**	**144,890,837**	-	-	-
Balance as at 30 June 2021	**240,035,924**	**3,908,882,532**	**823,285,358**	**23,427,241**	**300,203,137**	**5,295,834,192**

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

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KASHF FOUNDATION
(A COMPANY SETUP UNDER SECTION 42 OF COMPANIES ACT, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		Rupees	Rupees
Cash flow from operating activities			(Restated)
Surplus for the year		769,096,770	209,616,587
Adjustments for non cash items:			
Depreciation	6.1	158,161,557	146,291,447
Amortization	7.1	3,694,052	1,434,197
Liabilities written back		(40,317,980)	(668,077)
Markup on lease		28,079,805	20,066,061
Return on investments and bank deposits		(633,592,069)	(626,108,560)
Amortization of transaction costs of long term loans		93,682,564	86,228,011
Finance cost		1,787,049,754	2,531,500,077
Gain on disposal of fixed assets		(6,039,091)	(206,081)
Grant income		(67,849,808)	(79,129,085)
Bad debts recovered		(807,828)	(3,115,265)
Deferred loss on sale and lease back		924,408	2,773,224
Fair value gain on mutual fund		(109,258)	(48,863)
Fair value gain on investment property		(5,646,850)	-
Dividend income		(3,575,882)	(1,694,984)
Exchange loss/gain		28,183,114	(3,389,329)
Provision for loan loss		487,532,705	368,318,299
		1,829,369,193	2,442,251,072
Surplus before working capital changes		2,598,465,963	2,651,867,659
Effect on cash flow due to working capital changes			
(Increase) / decrease in micro-credit loan portfolio		(3,441,447,269)	670,636,737
(Increase) / decrease in Kashf Murabaha		(133,739,445)	3,896,349
Decrease / (increase) in accrued service charges		446,481,900	(497,451,810)
Increase in advances, deposits, prepayments and other receivables		(133,317,418)	(51,633,026)
Increase in deferred grants		419,805,423	66,911,334
Increase / (decrease) in trade and other payables		208,391,282	(49,318,513)
		(2,633,825,527)	143,041,071
Cash (used in) / generated from) operations		(35,359,564)	2,794,908,730
Finance cost paid		(1,981,569,284)	(2,331,771,865)
Net cash (used in) / generated from operating activities		(2,016,928,848)	463,136,865
Cash flow from investing activities			
Capital expenditure incurred		(74,031,801)	(93,159,884)
Additions in Right of use asset		(56,574,039)	-
Sale proceeds from disposal of operating fixed assets		7,283,383	9,305,880
Long term loan		409,194	290,058
Long term deposit-net		4,515,300	-
Return on investments and bank deposits		727,356,513	557,362,604
Investments		883,049,808	(813,584,382)
Net cash generated from / (used in) investing activities		1,492,008,358	(339,785,724)
Cash flow from financing activities			
Transaction costs paid for borrowings		(118,083,917)	(147,360,406)
Lease liabilities - net		(31,010,031)	(62,512,417)
Proceeds received against financing		7,425,584,253	7,869,353,322
Donated Funds-Net		4,640,014	-
Repayments of financing		(6,943,941,530)	(4,277,995,817)
Net cash generated from financing activities		337,188,789	3,381,484,682
Net (decrease) / increase in cash and cash equivalents		(187,731,701)	3,504,835,823
Cash and cash equivalents at the beginning of the year		6,111,038,513	2,606,202,690
Cash and cash equivalents at the end of the year		5,923,306,812	6,111,038,513

The annexed notes 1 to 40 form an integral part of these financial statements.

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

KASHF FOUNDATION
(A COMPANY SETUP UNDER SECTION 42 OF COMPANIES ACT, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1 THE COMPANY AND ITS OPERATIONS

Kashf Foundation (the Company) was incorporated in Pakistan on 15 February 2007 as a public company limited by guarantee, not having a share capital and licensed as a non-profit organization under section 42 of the Companies Act, 2017. The license under section 42 of the Companies Act, 2017 is valid 3 February 2022. In October 2016, the Company received license from Securities and Exchange Commission of Pakistan (SECP), valid upto 18 October 2022, to carry out investment finance services as a non-banking finance company under the Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules).

The principal activity of the Company is to provide cost effective micro-finance services to poor households in order to enhance their economic role and allow self-employed individuals the sustained opportunity of matching existing skills with financial resources. The Company also provides non-financial services in the form of training through vocational training centers both to its borrowers and to its staff. Registered office of the Company is situated at 1-C, Shahrah Nazaria e Pakistan, Lahore. The Company has 325 (2020 : 325) branches in Pakistan, the list of which is not presented in these financial statements to maintain concision.

2 STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017

- Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations);

- Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017, NBFC Rules and NBFC Regulations differ from the IFRS or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Standards, interpretation and amendments applicable to the financial statements for the year ended 30 June 2021

The accounting policies adopted in the preparation of these financial statements are consistent with those of the Company for the year ended 30 June 2021, except as described below:

New standards and amendment

The Company has adopted the following amendment:

IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16

The adoption of the above amendment did not have any material effect on the financial statements.

2.3 Securities and Exchange Commission of Pakistan (SECP) through an SRO 800(I)/2021 dated 22 June 2021 notified that IFRS 9 shall be applicable for the preparation of financial statements of NBFCs for reporting year ending on or after 30 June 2022. However, the Company has early adopted the standard during the year ended 30 June 2019.

2.4 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective date (annual periods beginning on after)
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1 January 2021
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
AIP IAS 41 Agriculture – Taxation in fair value measurements	1 January 2022
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB.

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

Standard or Interpretation		Effective date (annual periods beginning on after)
IFRS 1	First-time Adoption of International Financial Reporting	1 July 2009
IFRS 17	Insurance Contracts	1 January 2023

The Company expects that such improvements to the standards and new standards will not have any material impact on the Company's financial statements.

2.5 Correction of a fundamental error as per International Accounting Standard (IAS 8)

During the year, the management has recognized right of use assets and corresponding lease liabilities related to micro-credit branches taken on rental basis by adjusting the opening retained earnings by Rs. Nil and surplus for year ended 30 June 2020 by Rs. 15,562,836.

Previously, the management was recognizing lease payments as rental expenses by electing the 'short-term and low-value leases' exemption which was not in line with the business plan of Kashf. This has been adjusted retrospectively as per the requirements of IAS-8 " Changes in accounting policies, estimates and fundamental errors". The effect of correction of errors on financial statements is summarized below:

	(Restated) 30 June 2020 Rupees	Adjustment Rupees	(As previously reported) 30 June 2020 Rupees
Statement of financial position			
Property and Equipment - Right of use asset	186,751,131	176,419,889	10,331,242
Lease liabilities	200,252,110	191,982,725	8,269,385
Accumulated surplus	3,284,676,599	(15,562,836)	3,300,239,435

Statement of income and expenditure	(Restated) 30 June 2020 Rupees	Adjustment Rupees	(As previously reported) 30 June 2020 Rupees
Programme cost - Depreciation - right of use assets	49,917,436	49,917,436	-
Finance cost - Mark-up on lease liabilities	20,066,061	17,843,719	2,222,342
Programme cost - Office rent	15,793,139	(52,198,319)	67,991,458
Net decrease in surplus for the year	85,776,636	15,562,836	70,213,800

Statement of changes in accumulated funds

Accumulated surplus	3,284,676,599	(15,562,836)	3,300,239,435

Since the application of IFRS 16 was initially effective from 01 July 2019, opening accumulated surplus for the year ended 30 June 2020 is not affected. Accordingly, third statement of financial position is not presented.

3 USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

- Useful life of depreciable assets (note 5.1)
- Useful life of intangible assets (note 5.2)
- Provision for loan losses (note 5.7.1)
- Right of use asset and lease liabilities (note 5.5)

3.1 Measurement of fair values

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

- Fair value measurements of cross currency swaps
- Fair value measurements of investment property

4 BASIS OF MEASUREMENT

The financial statements have been prepared under the historical cost convention, except for:

- Revaluation of freehold land;
- Certain foreign currency translation adjustments;
- Fair value measurement of investment property; and
- Fair value measurement of certain short term investment.

5 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below.

5.1 Property and equipment

Operating fixed assets except land, are stated at cost less accumulated depreciation and any identified impairment loss. Land is stated at revalued amount. Depreciation on all operating fixed assets is charged to income on straight line method so as to write off the historical cost of an asset over its estimated useful life at the rates referred to in note 6 to the financial statements.

Depreciation on additions to operating fixed assets is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income in the year the asset is derecognized.

5.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization and any identified accumulated impairment loss. These are amortized using the straight line method at the rate of 20% to 33.33%. Amortization on additions is charged from the month in which an intangible asset is acquired, while no amortization is charged for the month in which intangible asset is disposed off.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are charged to income as and when incurred.

5.3 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured using fair value model with any change therein recognized in statement of income or expenditure. The Company has valued investment properties using external valuator at reporting date. When the use of properties changes such that it is transferred to property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting, similarly when the property recorded as property and equipment is transferred to investment property, it is recorded at fair value determined at reclassification date and surplus on such property at that time is credited to surplus on revaluation amount and deficit is charged to statement of income or expenditure.

5.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

5.4.1 Financial assets

All recognized financial assets are measured initially at fair value and subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

a) Financial instruments measured at amortized cost

Debt instruments that meet the following conditions are measured subsequently at amortized cost.

The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortized cost and effective interest method

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

As at reporting date, the Company carries cash and cash equivalents, micro-credit loan portfolio, investments, deposits and advances at amortized cost.

b) Financial instruments measured at fair value and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. The Company designates these derivatives as hedging instruments to hedge the variability in cash flows associated with foreign currency debt attributable to changes in foreign currency rates and foreign currency denominated interest rates.

These financial instruments, upon meeting specified conditions, are measured subsequently at fair value through other comprehensive income (FVTOCI).

c) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

As at reporting date, the Company does not possess any financial assets classified as at FVTOCI.

d) Financial assets measured subsequently at fair value through profit or loss (FVTPL)

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

As at reporting date, the Company carries mutual funds classified as at FVTPL.

Impairment of financial assets

The Company recognizes allowance for impairment of loan portfolio at higher of: a) applicable regulatory requirements, b) loss allowance for expected credit losses (ECL) calculated as per IFRS 9 requirements, and c) minimum internal provisioning thresholds. The amount of impairment allowances there against is updated at each reporting date.

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

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Measurement of the expected credit loss allowance

The measurement of the ECL allowance for financial assets is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g., the likelihood of customers defaulting and the resulting losses).

A number of significant judgments are also required in measuring ECL, such as:

- Establishing groups of similar financial assets for the purposes of measuring ECL;
- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing the number and relative weightings of forward-looking scenarios.

Write-off policy

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

Derecognition of financial assets

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

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

Investment in associates

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

Kashf Murabaha

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

The criteria mentioned in note 5.7 is followed for recording of provision.

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances. In the statement of financial position, finances under mark-up arrangements are shown separately.

5.4.2 Financial liabilities

Subsequent measurement of financial liabilities

- contingent consideration of an acquirer in a business combination,
- held-for-trading, or
- designated as at FVTPL are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in statement of income or expenditure.

Borrowings from financial institutions and others

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

Off setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position, if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Hedge Accounting

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

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

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

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in statement of income or expenditure.

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

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

5.5 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

5.5.1 Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

5.5.2 Lease liabilities - rented premises

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

5.6 Trade and other payables

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

5.7 Provisions

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

5.7.1 Provision for loan losses

The NBFC Rules and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC and NE Regulations) describe the basis for recording of provisions for doubtful debts. Accordingly, specific and general provisions have been determined considering the prescribed requirements and management estimates.

Specific provision

Specific provision is created against balances which are known to have financial issues based on their repayments being overdue for certain days. It is created when a balance remains unpaid for following days:

Overdue Range	Percentage of Specific Provision
30-89 Days	25%
90-179 Days	50%
180 Days or more	100%

Additional provision is also made if recovery of a specific balance is considered doubtful by the management. Loan losses (write-offs) are charged against the allowance for loan losses when management believes that the principal is unlikely to be recovered.

General provision

Provision for loan losses is recorded on monthly basis to maintain the overall provision at adequate levels for doubtful loans that are outstanding but yet not collected. For this purpose additional provision is recognized at 1% of the outstanding micro-credit loan portfolio.

Accordingly the specific and general provisions recognized during the year are charged to the statement of income and expenditure.

The Company recognizes provision for doubtful loans at higher of applicable regulatory requirements, Expected Credit Losses and internal provisioning threshold.

5.7.2 Loan loss reserve

General reserve up to 5% of the outstanding micro-credit loan portfolio is created that is recognized in statement of changes in accumulated funds.

5.8 Employee retirement benefits - defined contribution plan

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

5.9 Recognition of grants and donations

Grants are recognized when there is reasonable assurance that the entity will comply with the relevant conditions, if any, and the grant will be received.

Grants related to assets other than biological assets, are initially recognized at fair value in statement of financial position, as deferred income, that is amortized over the useful life of the asset.

Grants related to project expenses are recognized as revenue in the statement of income or expenditure on a systematic basis in the same periods in which the expenses are incurred, on a net basis i.e. offset the grant against the related expenditure.

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

5.10 Taxation

The Company is entitled to one hundred percent tax credit of the income tax payable, including minimum and final taxes payable, under section 100(C) of the Income Tax Ordinance, 2001. Therefore, no provision of income tax has been accounted for in these financial statements.

5.11 Revenue recognition

Mark-up on micro-credit loans are recognized using effective yield method at prevailing mark-up rates for loan products. Profit on Murabaha is recognized on an accrual basis. Profit on Murabaha transactions for the period is accounted for on the culmination of Murabaha transactions. The portion of profit not due is deferred and treated as Bai Muajjal and profit on Bai Muajjal is recognized on accrual basis.

Return on bank deposits is recognized when earned. Documentation and administration fee collected from micro-credit loan customers is recognized on receipt basis. Dividend is recognized as income when right to receive dividend is established.

5.12 Foreign currencies

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

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date except for the loans referred to in note 23. Transactions in foreign currencies are translated into Pak Rupees at the exchange rate prevailing at the date of transaction. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

Foreign exchange gains and losses on these translations are recognized in the statement of income or expenditure.

5.13 Contingent Liabilities

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

6 PROPERTY AND EQUIPMENT

6.1 Operating fixed assets

	2021											
	Cost / revalued amount						Accumulated Depreciation					Net book value as at 30 June 2021
	As at 1 July 2020	Additions	Disposals	Transfers	As at 30 June 2021	Rate %	As at 1 July 2020	For the year	Disposals	Transfers	As at 30 June 2021	
	Rupees						Rupees					
Owned assets												
Freehold land	355,725,000	-	-	-	355,725,000	-	-	-	-	-	-	355,725,000
Building on freehold land	183,385,484	-	-	-	183,385,484	5	35,070,028	9,169,274	-	-	44,239,302	139,146,182
Furniture and fixtures	82,965,903	569,650	(226,660)	-	83,308,953	10	31,499,788	7,661,119	(210,746)	-	38,950,161	44,358,792
Vehicles	40,177,022	33,978,795	(4,935,854)	20,814,618	90,034,581	20	22,076,516	9,218,767	(4,935,854)	15,070,862	41,430,291	48,604,290
Office equipment	101,047,514	8,097,552	(973,034)	-	108,172,032	10-20	45,630,925	10,842,064	(962,986)	-	55,510,003	52,662,029
Computer equipment	238,783,081	13,237,039	(25,278,608)	-	226,741,512	33.33	145,712,921	54,805,453	(24,323,800)	-	176,194,574	50,546,938
	1,002,084,064	**55,883,036**	**(31,414,156)**	**20,814,618**	**1,047,367,562**		**279,990,178**	**91,696,677**	**(30,433,386)**	**15,070,862**	**356,324,331**	**691,043,231**
Right-of-use assets												
Rented premises	226,337,325	56,574,039	-	-	282,911,364	Lease term	49,917,436	62,140,916	-	-	112,058,352	170,853,012
Vehicles	21,690,022	-	(876,404)	(20,814,618)	-		11,361,780	4,323,964	(614,882)	(15,070,862)	-	-
	248,030,347	**56,574,039**	**(876,404)**	**(20,814,618)**	**282,911,364**		**61,279,216**	**66,464,880**	**(614,882)**	**(15,070,862)**	**112,058,352**	**170,853,012**
Total	**1,250,114,411**	**112,457,075**	**(32,292,560)**	-	**1,330,278,926**		**341,269,394**	**158,161,557**	**(31,048,268)**	-	**468,382,683**	**861,896,243**

	2020 - restated											
	Cost / revalued amount						Accumulated Depreciation					Net book value as at 30 June 2020
	As at 1 July 2019	Additions / Revaluation / Initial recognition under IFRS 16	Disposals	Transfers	As at 30 June 2020	Rate %	As at 1 July 2019	For the year	Disposals	Transfers	As at 30 June 2020	
	Rupees						Rupees					
Owned assets												
Freehold land	265,000,000	90,725,000	-	-	355,725,000	-	-	-	-	-	-	355,725,000
Building on freehold land	183,385,484	-	-	-	183,385,484	5	25,900,754	9,169,274	-	-	35,070,028	148,315,456
Furniture and fixtures	76,148,091	8,099,969	(1,280,097)	-	82,965,903	10	25,209,294	7,438,809	(1,148,315)	-	31,499,788	51,466,175
Vehicles	26,053,961	15,348,335	(8,325,000)	7,099,726	40,177,022	20	11,346,320	6,199,805	-	4,530,385	22,076,516	18,100,506
Office equipment	98,180,747	4,517,708	(1,650,941)	-	101,047,514	10-20	37,268,148	9,884,312	(1,521,535)	-	45,630,925	55,416,589
Computer equipment	201,559,157	55,160,396	(17,936,472)	-	238,783,081	33.33	104,830,664	58,589,485	(17,707,228)	-	145,712,921	93,070,160
	850,325,440	173,851,408	(29,192,510)	7,099,726	1,002,084,064		204,555,186	91,281,685	(20,377,078)	4,530,385	279,990,178	722,093,886
Right-of-use assets												
Rented premises	-	226,337,325	-	-	226,337,325	Lease term	-	49,917,436	-	-	49,917,436	176,419,889
Vehicles	29,448,978	-	(656,230)	(7,099,726)	21,690,022		11,171,702	5,092,326	(371,863)	(4,530,385)	11,361,780	10,331,242
	29,448,978	226,337,325	(656,230)	(7,099,726)	248,030,347		11,171,702	55,009,762	(371,863)	(4,530,385)	61,279,216	186,751,131
Total	879,774,418	400,188,733	(29,848,740)	-	1,250,114,411		215,726,888	146,291,447	(20,748,941)	-	341,269,394	908,845,017

6.2 **Allocation of depreciation**

	Note	2021 Rupees	2020 Rupees
Program cost	33	**107,602,191**	101,735,296
Management and administrative expenses	36	**46,788,557**	43,087,121
Grant expenses	34	**3,770,809**	1,469,030
		158,161,557	146,291,447

6.3 Had there been no revaluation, the carrying value of freehold land would have amounted to Rs. 93.5 million (2020: Rs. 93.5 million). The plot area is 5.27 kanal and situated at the 1-C, Main Nazaria Pakistan, Opposite Expo Centre, Mouza Niaz Baig, Lahore

6.4 The forced sale value of the revalued land had been assessed at Rs. 302.4 million at the time of revaluation

6.5 The cost of the assets as at 30 June 2021 include fully depreciated assets amounting to Rs. 96.40 million (2020: Rs. 79.3 million) which are still in use of the Company

7 **INTANGIBLE ASSETS**

	Note	2021 Rupees	2020 Rupees
Software and licenses	7.1	**27,071,140**	2,466,776
Capital work in progress	7.2	**10,873,725**	21,023,376
		37,944,865	23,490,152

7.1 **Software and licenses**

	2021							
	Cost			**Accumulated amortization / impairment**				
	As at 1 July 2020	**Additions/ (deletions)**	**As at 30 June 2021**	**As at 1 July 2020**	**Amortization for the year**	**As at 30 June 2021**	**Net book value as at 30 June 2021**	**Rate %**
	Rupees							
Licenses	3,979,609	4,861,040	8,840,649	2,645,124	559,856	3,204,980	5,635,669	20%
Software	6,615,859	23,437,376	30,053,235	5,483,568	3,134,196	8,617,764	21,435,471	33.33%
	10,595,468	**28,298,416**	**38,893,884**	**8,128,692**	**3,694,052**	**11,822,744**	**27,071,140**	

	2020							
	Cost			Accumulated amortization / impairment				
	As at 1 July 2019	Additions/ (deletions)	As at 30 June 2020	As at 1 July 2019	Amortization for the year	As at 30 June 2020	Net book value as at 30 June 2020	Rate %
	Rupees							
Licenses	3,979,609	-	3,979,609	2,153,724	491,400	2,645,124	1,334,485	20%
Software	6,121,759	494,100	6,615,859	4,540,771	942,797	5,483,568	1,132,291	33.33%
	10,101,368	494,100	10,595,468	6,694,495	1,434,197	8,128,692	2,466,776	

7.1.1 Amortization charged for the year has been allocated to management and administrative expenses.

7.1.2 During the year, the entity developed and capitalized the MWx as replacement to the loan process module MW6.

7.2 **Capital work in progress**

	Note	2021 Rupees	2020 Rupees
Software			
As at 1 July		**21,023,376**	11,484,000
Additions		**12,787,725**	9,539,376
Transfer / capitalized		**(22,937,376)**	-
As at 30 June		**10,873,725**	21,023,376

INVESTMENT PROPERTY

Opening balance	**82,503,900**	82,503,900
Net gain from fair value measurement	**5,646,850**	-
	88,150,750	82,503,900

The Company's investment properties consist of freehold land and building on freehold land of 2.006 kanal situated at 19 Aibak Block, New Garden Town, Lahore, which have been leased to third party in 2017. As at 30 June 2021 and 2020, the fair values of the properties are based on valuations performed by Tristar International Consultant (Private) Limited, an accredited independent valuer. The valuer is a specialist in valuing these types of investment properties.

	Note	2021 Rupees	2020 Rupees
Rental income derived from investment properties	38	**13,913,898**	13,035,330

9 LONG TERM INVESTMENTS	Note	2021 Rupees	2020 Rupees
Investment in associate	9.1	-	-
Investment in Term Finance Certificates	9.2	180,515,000	-
		180,515,000	-

9.1 **Investment in associate - Kashf Holding (Private) Limited**

	2021	2020
900,000 (2020: 900,000) fully paid shares of Rs 10/- each at cost, equity held 30.2% (2020: 30.2%)	63,000,000	63,000,000
Value of investment based on net assets as shown in the unaudited financial statements as at 30 June 2021 (2020: unaudited)		
Accumulated share of loss of associate - based on unaudited financial statements	(63,000,000)	(63,000,000)
	-	-

Summary of financial information of the associate is as follows:

	31 Dec 2020 Rupees Unaudited	31 Dec 2019 Rupees Audited
Total assets	63,833,216	58,579,177
Total liabilities	379,746,687	493,754,153
Total equity	(443,579,903)	(435,174,976)
Loss for the year	(8,404,927)	(41,203,711)

Share of loss amounting to Rs. 96.854 million (2020: Rs. 131.42 million) has been restricted to cost of investment in associate. The principal activity of the Kashf Holding (Private) Limited is making investment in its associated undertaking. The registered office of the Company is situated at 1-C, Shahrah Nazarea-e-Pakistan, Lahore Pakistan.

	2021 Rupees	2020 Rupees
9.2 Term Finance Certificates	180,515,000	-

This represents term finance certificates purchased from Bank Alfalah Limited on 15 January 2021 The instrument carries markup of 9.03% per annum with maturity of five years.

10 LONG TERM LOANS	Note	2021 Rupees	2020 Rupees
Related party - unsecured			
Loan to Kashf Holding (Private) Limited	10.1	220,239,935	238,239,935
Less: Accumulated impairment	10.2	(220,239,935)	(238,239,935)
		-	-
Loan to employees - unsecured	10.3	217,730	626,924
		217,730	626,924

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

Kashf Foundation has rescheduled this loan through a third addendum dated 1 July 2019. The loan is payable in 11 annual installments starting from year 2020. The rescheduled loan carries mark-up at the rate of 1 year KIBOR plus 2% per annum. Rs. 18 million was received during the year from KHL as mentioned in note 38. Total Rs.41 million has been received from KHL so far.

10.2 Movement in accumulated impairment	Note	2021 Rupees	2020 Rupees
As at 1 July		238,239,935	238,239,935
Less: Reversal during the year on recovery of loan	38	(18,000,000)	-
As at 30 June		220,239,935	238,239,935

10.3 These are interest free loans.

11 LONG TERM MICRO-CREDIT LOAN PORTFOLIO -UNSECURED	Note	2021 Rupees	2020 Rupees
Kashf School Sarmaya	11.1	48,274,490	155,773,065
Kashf Muwaishi Karza	11.2	394,657,117	353,439,601
		442,931,607	509,212,666

	Note	2021	2020
		Rupees	Rupees
Due within one year:			
Kashf School Sarmaya Karza		(46,169,940)	(127,648,278)
Kashf Muwaishi Karza		(393,985,750)	(334,707,196)
		(440,155,690)	(462,355,474)
Less: Provision for doubtful loans	14.7	(2,558,955)	(11,113,879)
		216,962	35,743,313

11.1 Kashf School Sarmaya Karza represent micro-credit loans for educational activities with loan amount ranging from Rs 80,000 to Rs 500,000 each. The outstanding balance is repayable along with service charges and life insurance over a period of upto twenty four months, payable in equal monthly installments. The effective yield on these loans ranges from 36.03% to 37.06% (2020:38.83% to 39.23%) per annum.

11.2 Kashf Muwaishi Karza represents micro-credit loans provided to such clients who want to run their dairy business at small scale with an individual loan amount of Rs. 30,000 to Rs. 150,000. The outstanding balance is payable over a period upto eighteen months, payable in equal monthly installments. The effective yield on this loan ranges from 34% to 36.67% (2020:35.47% to 35.72%) per annum.

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

12 FINANCIAL ASSETS / (LIABILITIES) USED FOR HEDGING

The Company enters into derivative transactions with scheduled banks in Pakistan to hedge its foreign currency exposures associated with foreign currency loans. In general, the Company enters into bespoke cross currency swap agreements for each individual foreign currency loan. The foreign currency loans hedged by the Company are given in note 23.1.2.

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

	Derivative Contracts	Fair Values	Notional Amounts
	Number	Rupees	USD
30 June 2021			
MCB Bank Limited	4	263,674,078	8,425,357
Faysal Bank Limited	1	(6,957,360)	1,500,000
Standard Chartered Bank Limited	5	(76,474,893)	23,500,837
Habib Bank Limited	4	(25,873,874)	27,924,909
		154,367,951	61,351,103
Less: Current portion		(51,112,473)	(21,548,948)
		103,255,478	39,802,155
30 June 2020			
MCB Bank Limited	10	1,166,913,742	27,109,351
Faysal Bank Limited	1	18,273,064	3,000,000
Standard Chartered Bank Limited	3	39,220,027	18,646,596
Habib Bank Limited	1	125,465,234	9,999,930
		1,349,872,067	58,755,877
Less: Current portion		(809,083,642)	(20,637,401)
		540,788,445	38,118,476

The hedge ineffectiveness can arise from:

-Differences in the timing of the cash flows of the hedged items and the hedging instruments
-Different indexes (and accordingly Different curves) linked to the hedged risk of the hedged items and hedging instruments
-The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
-Changes to the forecasted amount of cash flows of hedged items and hedging instruments

Since the hedge is effective during the year, therefore, all the gain on hedging transaction has been recognized in other comprehensive income.

13 LONG TERM DEPOSITS

	2021	2020
	Rupees	Rupees
Security against asset	-	4,515,300
Security deposit against electricity connection	463,360	463,360
	463,360	4,978,660

14 MICRO-CREDIT LOAN PORTFOLIO - UNSECURED

	Note	2021 Rupees	2020 Rupees
Kashf Karobar Karza	14.1	12,584,621,733	11,724,294,623
Kashf Bahali Karza	14.2	1,459,368,767	-
Kashf Khudmukhtar Sarmaya	14.3	-	13,879,630
Kashf Easy Loan	14.4	1,215,441,620	870,006,473
Kashf Sahulat Karza	14.5	22,442,033	13,289,658
Kashf Zarai Karza	14.6	-	490,515
		15,281,874,153	12,621,960,899
Accrued service charges		190,960,347	637,442,247
Current portion of long term micro credit loan portfolio	11	440,155,690	462,355,474
		15,912,990,190	13,721,758,620
Less: Accrued service charges disclosed separately in statement of financial position	16	(190,960,347)	(637,442,247)
Less: Provision for doubtful loans	14.7	(478,345,889)	(480,371,888)
Less: Modification loss on financial assets	37	(24,938,344)	(375,447,618)
		15,218,745,610	12,228,496,867

14.1 Kashf Karobar Karza represents micro-credit loans for productive/income generating activities. The initial loan amount is Rs. 30,000 and the maximum loan amount cannot exceed Rs. 150,000 each. The outstanding balance is repayable along with service charges and Kashf Sehatmand Zindagi Bema over a period of twelve months in equal monthly installments. The effective yield on these loans is 35.91% (2020: 35.91%) per annum.

14.2 Kashf Bahali Karza represents micro-credit loans to clients whose businesses were impacted by multiple lockdowns due to Covid outbreak during the last year. It was launched in December 2020 with sunset clause till September 2021. The basic purpose of the loan is to provide liquidity to those clients whose businesses were illiquid and injection of liquidity help them to revive their business and livelihood. The loan ranges from Rs.20,000 to Rs 150,000. The outstanding balance is repayable along with service charges and Kashf Sehatmand Zindagi Bema over a period of twelve months in equal monthly installments. The effective yield on these loans is 35.91% per annum.

14.3 Kashf Khudmukhtar Sarmaya represent micro-credit loans for those households who are deprived of opportunities to earn income with loan amount of Rs. 20,000 each. The outstanding balance was payable over a period of twelve months in equal monthly installments. This facility was interest free and is given to poor people who cannot afford to begin a new business. This facility is no longer available as it was donor based project of five years.

14.4 Kashf Easy Loan represents micro-credit loans provided to such clients who want to run their business at small scale or want to fulfil personal financial needs at easy terms with an minimum amount of Rs. 20,000 and maximum amount is Rs.25,000. The outstanding balance is payable over a period of twelve months in equal monthly installments. The effective yield on this loan is 36.74 % (2020: 36.74%) per annum.

14.5 Kashf Sahulat Karza represents micro-credit loans provided to such clients who have already obtained Kashf Karobar Karza for their domestic use with a fixed amount of Rs. 5,000 to Rs.7,000. The outstanding balance is payable over a period of six months in equal monthly installments. The effective yield on this loan is 36.79% (2020: 36.74%).

14.6 Kashf Zarai Karza represents micro-credit loans provided to clients for crop production with amounts ranging from Rs. 50,000 to Rs. 100,000. The outstanding balance is payable over a period of three, six or twelve months, as applicable in equal monthly installments. The effective yield on this loan is 35% (2020:34.40%).

14.7 Provision for doubtful loans

	Note	2021 Rupees	2020 Rupees
As at 1 July		491,485,767	171,580,869
Charge for the year		475,503,118	329,575,275
		966,988,885	501,156,144
Written off against provision		(486,084,041)	(9,670,377)
As at 30 June	14.7.1	480,904,844	491,485,767

Break up of provision for doubtful loans among non-current and current portion is as follows:

	2021	2020
Non-current portion	2,558,955	11,113,879
Current portion	478,345,889	480,371,888
	480,904,844	491,485,767

14.7.1 The Company recognizes provision for doubtful loans at higher of applicable regulatory requirements, Expected Credit Losses and internal provisioning threshold:

	2021 Rupees	2020 Rupees
Provision under the policy of the Company		
-General	180,451,651	128,645,234
-Specific	218,646,553	144,204,280
	399,098,204	272,849,514
Provision under Expected Credit Losses as per IFRS 9	480,904,844	491,329,632

		2021	2020
Provision under NBFC Regulations		**Rupees**	Rupees
-General		**78,338,485**	130,213,839
-Specific		**57,108,839**	109,789,658
		135,447,324	240,003,497

14.8 **Number of loans**

Considered good		**502,291**	340,352
Considered doubtful		**55,749**	139,738
Less: Loans written off		**(22,102)**	(529)
		33,647	139,209
	42	**535,938**	479,561

14.9 **Aging analysis of loan portfolio - (long term and short term)**

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

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

	2021	2020	2021	2020
	Percentage	Percentage	**Rupees**	Rupees
Not due yet	**95.54%**	71.10%	**15,023,090,589**	9,336,078,601
1-29 days	**0.68%**	26.87%	**107,304,511**	3,528,446,431
30-89 days	**2.45%**	1.08%	**385,271,035**	141,619,194
90-179 days	**1.10%**	0.25%	**173,621,662**	32,459,715
More than 180 days	**0.23%**	0.70%	**35,517,963**	92,569,624
	100%	100%	**15,724,805,760**	13,131,173,565

14.10 **Portfolio by segment**

Micro enterprise

Agriculture and livestock	**4,239,273,673**	3,713,469,514
Services	**2,697,232,372**	2,640,818,719
Trading	**2,477,535,137**	2,104,566,438
Manufacturing	**572,880,386**	599,630,340
	9,986,921,568	9,058,485,011

General loan

Domestic	**1,241,302,290**	881,944,627
School	**48,379,308**	156,898,188
Food production and services	**779,801,975**	371,272,947
Garments and handicrafts	**3,668,400,619**	2,662,521,004
Transport	**-**	51,788
	5,737,884,192	4,072,688,554
	15,724,805,760	13,131,173,565

15 **KASHF MURABAHA PORTFOLIO**

Kashf Murabaha receivable		**661,535,276**	484,127,191
Less: Unearned Murabaha income		**(111,515,286)**	(64,480,556)
	15.1	**550,019,990**	419,646,635
Less: Provision for doubtful Murabaha	15.2	**(10,579,032)**	(13,945,122)
		539,440,958	405,701,513

15.1 Murabaha facility was introduced in 2014 to provide financing facility under Islamic (Shariyah) principles. It represents the outstanding balance of cost of goods sold under Murabaha agreement. Facility ranges between Rs. 20,000 to Rs. 120,000 each. The outstanding balance is repayable along with profit on Murabaha over a period of twelve months. Profit is allocated at the rate of 20.8% (2020: 20.8%) on terms of Murabaha agreement.

15.2 **Provision for doubtful Murabaha**	Note	2021	2020
		Rupees	Rupees
As at 1 July		**13,945,122**	5,218,209
Charge for the year		**11,158,507**	8,951,562
		25,103,629	14,169,771
Written off against provision		**(14,524,597)**	(224,649)
As at 30 June	15.2.1	**10,579,032**	13,945,122

15.2.1 The Company recognizes provision for doubtful loans at higher of applicable regulatory requirements, Expected Credit Losses and internal provisioning threshold:

	Note	2021	2020
		Rupees	Rupees
Provision under the policy of the Company			
-General		5,395,195	4,132,284
-Specific		4,098,819	3,044,905
		9,494,014	7,177,189
Provision under Expected Credit Losses as per IFRS 9		10,579,032	13,945,122
Provision under NBFC and NE Regulations			
-General		2,744,111	4,175,867
-Specific		1,197,887	2,059,932
		3,941,998	6,235,799

15.3 Number of Murabaha's

	2021	2020
Considered good	18,148	12,222
Considered doubtful	1,395	3,951
Less: Clients written off	(676)	(14)
	719	3,937
	18,867	16,159

15.4 Aging analysis of Murabaha portfolio

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

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

	2021	2020	2021	2020
	Percentage	Percentage	Rupees	Rupees
Not due yet	97.69%	76.92%	537,330,166	322,792,463
1-29 days	0.40%	21.55%	2,189,346	90,435,908
30-89 days	1.16%	0.95%	6,368,328	3,999,062
90-179 days	0.59%	0.18%	3,250,826	748,126
More than 180 days	0.16%	0.40%	881,324	1,671,076
	100%	100%	550,019,990	419,646,635

15.5 Murabaha portfolio by segment

	2021	2020
	Rupees	Rupees
Micro enterprise		
Agriculture and livestock	109,431,699	87,327,083
Services	106,726,450	107,446,413
Trade	249,090,393	168,139,464
Manufacturing	12,534,894	10,768,432
	477,783,436	373,681,392
General loan		
Food production and services	28,313,843	11,424,734
Garments and handicrafts	43,922,711	34,523,844
Transport	-	16,665
	72,236,554	45,965,243
	550,019,990	419,646,635

		Note	2021 Rupees	2020 Rupees
16	**ACCRUED SERVICE CHARGES**			
	Accrued service charges		192,190,366	667,232,519
	Less: Provision for doubtful debt		(1,230,019)	(29,790,272)
			190,960,347	637,442,247
17	**SHORT TERM INVESTMENTS**			
	Investments designated at FVTPL			
	Faysal Income and Growth Fund (132,666 units (2020: 114,906 units))		14,170,044	13,390,502
	NBP Money Market Fund (5,950,107 units(2020:1,043,498 units))		62,722,458	10,312,370
			76,892,502	23,702,872
	Investments at Amortized Cost			
	Term deposit certificates			
	Local currency		700,000,000	2,277,392,021
	Foreign currency		386,139,609	-
		17.1	1,086,139,609	2,277,392,021
	Term Finance certificates	17.2	50,000,000	-
			1,136,139,609	2,277,392,021
			1,213,032,111	2,301,094,893

17.1 These term deposits carry mark-up ranging from 3.25% to 9% (2020: 3 % to 16 %) per annum. The term deposit certificates with JS Bank and Silk Bank Limited aggregating to Rs. 350 million with the maturity of one year have been pledged as security against running financing facility availed from commercial banks.

17.2 These term finance certificates carry markup of 9.60% per annum having maturity date of 31 December 2021.

		Note	2021 Rupees	2020 Rupees
18	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advance to employees against expenses		431,520	150,760
	Advances to agents against Murabaha		7,510,000	12,850,000
	Short term deposits		670,500	492,500
	Prepayments		16,178,500	12,353,016
	Accrued return on investments and bank deposits		55,124,487	148,888,931
	Unearned Murabaha income		111,515,286	64,480,556
	Advance tax recoverable		343,187,382	225,205,960
	Deferred loss on sale and lease back of vehicles		-	924,399
	Documentation fee receivable		362,269	25,522
	Advances to suppliers		5,931,903	28,281,717
	Receivables from donors		-	4,072,841
	Insurance claims receivables		21,293,889	33,969,019
	Commission receivable		16,924,275	15,466,078
	Other receivables	18.1	25,757,247	19,097,393
			604,887,258	566,258,692

18.1 Other receivebale includes

	2021	2020
Takaful contribution	8,662,774	3,063,343
Employee field discrepancies	2,889,452	3,477,970
CMS charges	4,529	4,529
Training fee- receivable	-	1,000
Insurance Premium	7,628,405	11,311,234
Receivable from third parties	6,572,087	1,239,317
	25,757,247	19,097,393

		Note	2021	2020
19	**CASH AND BANK BALANCES**		**Rupees**	Rupees
	Cash in hand		**5,708,696**	26,200,061
	Balance at banks:			
	In current accounts - local currency		**64,916,191**	298,257,095
	In saving accounts - local currency		**5,402,241,777**	5,755,180,669
	- foreign currency		**450,440,148**	31,400,688
		19.1	**5,852,681,925**	5,786,581,357
			5,923,306,812	6,111,038,513

19.1 Cash with banks in saving accounts carry mark-up at rates ranging from 5 % to 8.5% (2020: 7% to 14%) per annum.

20 DONATED FUNDS

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

21 RESERVES

21.1 Accumulated surplus

General reserves represent surplus of receipt over the expenditures as per Statement of Income and Expenditure.

21.2 Loan loss reserve

Reserve for loan loss has been created at the rate of 5% of outstanding micro-credit loan portfolio of the Company. This reserve is used for the write-off of loans given under this scheme and is replenished by the Company from general reserve.

		Note	2021	2020
22	**SURPLUS ON REVALUATION OF LAND**		**Rupees**	Rupees
	At beginning of the year		**300,203,137**	209,478,137
	Add: surplus arising on revaluation of land during the year	22.1	-	90,725,000
			300,203,137	300,203,137

22.1 This represents surplus resulting from revaluation of land carried out latest by 14 February 2020 by Tristar International Consultant (Private) Limited. The revalued amounts of said properties have been determined on the basis of detailed inspection of the properties and numerous independent market inquiries from local active realtors in the vicinity.

		Note	2021	2020
23	**LONG TERM FINANCING**		**Rupees**	Rupees
	Long term loans	23.1	**10,162,784,549**	13,014,743,858

23.1 Long term loans

	Note	2021	2020
Local currency loans	23.1.1	**8,708,161,771**	9,260,529,576
Foreign currency loans	23.1.2	**9,559,715,891**	8,435,565,437
Translation loss on foreign currency loans	23.1.3	**130,940,710**	1,457,113,259
		18,398,818,372	19,153,208,272
Less: Unamortized transaction cost		**(164,483,487)**	(140,082,134)
		18,234,334,885	19,013,126,138
Less: Payable within one year		**(8,071,550,336)**	(5,998,382,280)
		10,162,784,549	13,014,743,858

23.1.1 Local currency loans

Sr. No	Lender	Type	2021 Rupees	2020 Rupees	Rate of interest per annum	Outstanding installments	Interest payable	Security
Local currency - secured								
1	JS Bank Limited	Term Finance Facility	**545,454,545**	636,363,636	1 M KIBOR + 1.85%	18 installments ending on 27 Dec 2022	Monthly	The loan is secured against the first pari-passu charge on all present and future current assets with 25% margin.
2	Askari Bank Limited	Long Term Finance	**208,333,333**	250,000,000	3 M KIBOR + 2%	5 installments ending on 22 Aug 2022	Quarterly	The loan is secured against the first pari passu charge on all present and future current assets (excluding investment portfolio and assets forming part of PPAF security) with 25% margin.
3	MCB Bank Limited	Demand Finance-I	**250,000,000**	281,250,000	6 M KIBOR+2.25%	8 installments ending on 27 April 2023	Quarterly	The loan is secured against the first pari-passu charge over all present and future current assets (excluding investment portfolio and assets forming part of PPAF security) with the margin of 25%.
4	MCB Bank Limited	Demand Finance-II	**500,000,000**	500,000,000	6 M KIBOR+2%	16 installments starting from 21 August 2021	Quarterly	The loan is secured against the first pari-passu charge over all present and future current assets (excluding investment portfolio and assets forming part of PPAF security) with the margin of 25%.
5	Bank Alfalah Limited	Term Finance Facility-I	-	50,000,000	3 M KIBOR + 2%	-	Quarterly	This loan has been fully repaid during the year.
6	Acumen Pakistan	Term Loan	-	8,333,333	6 M KIBOR +2%	-	Quarterly	This loan has been fully repaid during the year.
7	Pak-China Investment Company Limited	Syndicated Term Finance Facility	-	120,000,000	6 M KIBOR + 2%	-	Semi Annually	This loan has been fully repaid during the year
8	Pak-China Investment Company Limited	Term Finance Facility	**311,111,111**	311,111,111	3 M KIBOR + 2.5%	7 installments ending on 18 September 2024	Quarterly	The loan is secured against the first pari-passu charge over all present and future current assets (excluding investment portfolio and assets forming part of PPAF security) with the margin of 25%.
9	Pakistan Micro Finance Investment Company Limited	Standard Term Loan	**109,000,000**	218,000,000	6 M KIBOR + 3%	1 installment ending on 7th July 2021	Quarterly	The loan is secured against the first pari-passu hypothecation charge on all present and future current assets with the margin of 20%.
10	Pakistan Micro Finance Investment Company Limited	Standard Term Loan	**132,000,000**	198,000,000	6 M KIBOR + 3%	2 installments ending on 30 Sep 2021	Quarterly	The loan is secured against the first pari-passu hypothecation charge on all present and future current assets with the margin of 20%.
11	Pakistan Micro Finance Investment Company Limited	Standard Term Loan	**1,891,750,000**	2,309,000,000	6 M KIBOR + 3%	3 installments ending on 31 Dec 2021	Quarterly	The loan is secured against the first pari-passu hypothecation charge on all present and future current assets with the margin of 10%.

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Sr. No	Lender	Type	2021 Rupees	2020 Rupees	Rate of interest per annum	Outstanding installments	Interest payable	Security
12	Pakistan Micro Finance Investment Company Limited	Standard Term Loan	**612,500,000**	700,000,000	6 M KIBOR + 3%	7 installments ending on 31 Dec 2022	Quarterly	The loan is secured against the first pari-passu hypothecation charge on all present and future current assets.
13	Pakistan Micro Finance Investment Company Limited	Standard Term Loan	**1,354,750,000**	-	6 M KIBOR + 3.1%	14 installments starting from 30 June 2022	Quarterly	The loan is secured against the first pari-passu hypothecation charge on all present and future current assets.
14	Silk Bank Limited	Term Finance Facility	-	6,250,000	6 M KIBOR+3%	-	Quarterly	This loan has been fully repaid during the year.
15	United Bank Limited	Term Finance Facility	-	50,000,000	6 M KIBOR+1.5%	-	Semi Annually	This loan has been fully repaid during the year.
16	Pakistan Poverty Alleviation Fund	Prime Minister's Interest Free Loan	-	26,996,100	Interest Free Loan	-	Not applicable	This loan has been fully repaid during the year.
17	National Bank of Pakistan	Term Loan	**562,500,000**	625,000,000	3 M KIBOR + 2%	9 installments ending on 31 July 2023	Quarterly	The loan is secured against first pari-passu charge on all present and future current assets (other than the investment portfolio and the asset forming part of the PPAF security) with a 25% margin.
18	The Bank of Punjab	Term Finance Facility	-	150,000,000	3 M KIBOR + 2%	-	Quarterly	This loan has been fully repaid during the year.
19	The Bank of Punjab	Term Finance Facility	**333,333,333**	500,000,000	3 M KIBOR + 1.9%	8 installments ending on 28 April 2023	Quarterly	The loan is secured against first pari-passu hypothecation charge on present and future current assets including micro loans and all related receivables of the company with a 25% margin.
20	Pak Oman Investment Company Limited	Term Finance Certificates	**1,500,000,000**	2,000,000,000	3 M KIBOR + 2.25%	9 installments ending on 30 September 2023	Quarterly	The loan is secured against first pari-passu hypothecation charge on present and future current assets including micro loans and all related receivables of the company with a 25% margin. These term finance certificates are listed on Pakistan Stock Exchange.
21	Bank Alfalah Limited	Term Finance Facility-II	**200,140,873**	320,225,396	3.00%	5 installments ending on 1st October 2022	Quarterly	The loan is secured against the first pari-passu charge over all present and future current assets (excluding investment portfolio) with the margin of 25%.
22	Bank Alfalah Limited	Term Finance Facility-III	**197,288,575**	-	3.00%	5 installments ending on 1st October 2022	Quarterly	The loan is secured against the first pari-passu charge over all present and future current assets (excluding investment portfolio) with the margin of 25%.
			8,708,161,771	9,260,529,576				

23.1.2 Foreign currency loans

Sr. No.	Lender	Type	Cross Currency Swap	Note	2021 Rupees	2020 Rupees	Rate of interest per annum	Outstanding installments	Interest payable	Security
23	Triodos Investment Management B.V.	Term Loan	Converted by MCB	22.1.2.1	-	93,518,040	14.25%	-	Semi Annually	This loan has been fully repaid during the year.
		Term Loan			-	1,142,744	6 M LIBOR + 6.10%	-	Semi Annually	
24	Symbiotics SICAV (Lux.) - Global Microfinance Fund	Syndicated Term Loan	Converted by MCB	22.1.2.2	-	316,500,000	12.40%	-	Semi Annually	This loan has been fully repaid during the year.
25	Proparco	Term Loan	Converted by MCB	22.1.2.3	247,821,429	413,035,714	13.20%	3 installments ending on 20 Nov 2022	Semi Annually	The loan is secured against the first ranking pari -passu charge on all present and future current assets (excluding the investment portfolio and assets forming part of the PPAF security) equivalent to 133% of outstanding loan amount.
26	BANK IM BISTUM ESSEN eG	Term Loan	Converted by MCB	22.1.2.4	-	257,000,000	12.50%	-	Quarterly	This loan has been fully repaid during the year.
27	FMO	MASSIF Facility	Converted by MCB	22.1.2.5	144,562,500	289,125,000	13.30%	2 installments ending on 15 May 2022	Semi Annually	The loan is secured against the first ranking pari -passu charge on all present and future current assets (excluding the investment portfolio and assets forming part of the PPAF security) equivalent to 100% of outstanding loan amount.
28	Microvest	Senior Term Loan	Converted by MCB	22.1.2.6	-	164,016,000	14.10%	-	Quarterly	This loan has been fully repaid during the year.
		Senior Term Loan	-		-	2,240,675	3 M LIBOR + 4.15%	-	Quarterly	
29	Microvest	Senior Term Loan	Converted by MCB	22.1.2.7	29,106,000	145,530,000	3 M KIBOR + 3.75%	1 installment ending on 28 Sep 2021	Quarterly	The loan is secured against the pari-passu charge over current assets for a total amount of 110% of the principle amount.
		Senior Term Loan	-		350,097	1,867,227	3 M LIBOR + 4.15%	1 installment ending on 28 Sep 2021	Quarterly	
30	Insu Resilience Investment Fund, SICAV-RAIF	Senior Unsecured Term Loan	Converted by MCB	22.1.2.8	-	130,977,000	6 M KIBOR + 4%	-	Semi annually	This loan has been fully repaid during the year.
		Senior Unsecured Term Loan	-		-	1,680,506	6 M LIBOR + 4.5%	-	Semi annually	
31	Incofin CVSO	Term Loan	Converted by MCB	22.1.2.9	-	687,159,000	6 M KIBOR + 2.9%	-	Semi annually	This loan has been fully repaid during the year.
		Term Loan	-		-	8,402,530	6.20%	-	Semi annually	
32	Overseas Private Investment Corporation	Term Loan	Converted by MCB	22.1.2.10	668,696,875	511,859,375.00	3 M KIBOR + 3.55%	11 installments ending on 15 Jan 2024	Quarterly	The loan is secured against pari passu charge including a margin of 10% above the total OPIC principal amount.
33	GLS Alternative Investments-Mikrofinanzfonds	Term Loan	Converted by FBL	22.1.2.11	244,050,000	488,100,000.00	6 M KIBOR + 4.10%	1 installment ending on 30 April 2022	Yearly	Unsecured Loan.
34	OESTERREICHISCHE ENTWICKLUNGSBANK AG OeEB	Term Loan	Converted by SCB	22.1.2.12	1,361,675,000	1,556,200,000.00	6 M KIBOR + 2.90%	7 installments ending on 19 Jul 2024	Semi annually	Unsecured Loan.
35	GLS Alternative Investments-Mikrofinanzfonds	Term Loan	Converted by SCB	22.1.2.13	305,355,600	305,355,600	3 M KIBOR + 2.04%	2 installments starting from 10 February 2022	Quarterly	Unsecured Loan.
		Term Loan	-		3,150,874	3,361,012	3 M LIBOR + 4.1%	2 installments starting from 10 February 2022	Quarterly	

Sr. No.	Lender	Type	Cross Currency Swap	Note	2021 Rupees	2020 Rupees	Rate of interest per annum	Outstanding installments	Interest payable	Security
36	Asian Development Bank	Term Loan	Converted by HBL	22.1.2.14	1,234,800,000	1,543,489,185	6 M KIBOR + 2.16%	4 installments ending on 11 February 2023	Semi annually	Unsecured Loan.
		Term Loan			-	11,764	6 M Libor + 4.25%	-	Semi annually	
		Term Loan	Converted by SCB		891,990,633	1,114,988,291	6 M KIBOR + 1.65%	4 installments ending on 11 February 2023	Semi annually	
		Term Loan	-		8,822	11,764	6 M Libor + 4.25%	4 installments ending on 11 February 2023	Semi annually	
37	BlueOrchard - Insu Resilience	Term Loan	Converted by HBL	22.1.2.15	1,235,520,000	-	6 M KIBOR + 2.22%	2 installments starting from 28 July 2023	Semi annually	Unsecured Loan.
		Term Loan	-		11,815,778	-	6 M LIBOR + 4.15%	2 installments starting from 28 July 2023	Semi annually	
38	Incofin CVSO	Term Loan	Converted by SCB	22.1.2.16	399,377,848	-	6 M KIBOR + 2.7%	2 installments starting from 8 June 2022	Semi annually	Unsecured Loan.
		Term Loan	-		1,959,755	-	6 M LIBOR + 4.5%	2 installments starting from 8 June 2022	Semi annually	
39	Incofin MEF	Term Loan	Converted by SCB	22.1.2.17	794,722,500	-	6 M KIBOR + 2.6%	2 installments starting from 8 Dec 2022	Semi annually	Unsecured Loan.
		Term Loan	-		7,877,185	-	6 M LIBOR + 4.5%	2 installments starting from 8 Dec 2022	Semi annually	
40	Finnfund	Term Loan	Converted by HBL	22.1.2.18	794,500,000	-	6 M KIBOR + 3.64%	5 installments starting from 17 Feb 2022	Semi annually	Unsecured Loan.
41	CDC	Term Loan	Converted by HBL	22.1.2.19	1,182,369,482	-	7.50%	5 installments starting from 21 Dec 2021	Semi annually	Unsecured Loan.
		Term Loan	-		5,514	-	6 M LIBOR + 4.25%	5 installments starting from 21 Dec 2021	Semi annually	
					9,559,715,891	8,435,565,437				

23.1.2.1 The Company entered into cross currency swap agreement with MCB Bank on October 20, 2016. Loan is translated at the exchange rate of Rs. 104.70/USD converting the liability of USD 4,466,000 to Rs. 467,590,200 and the interest rate is converted from USD 6M LIBOR plus 6.10% per annum to a fixed rate of 14.25%.

23.1.2.2 The Company entered into cross currency swap agreement with MCB Bank on November 03, 2017. Loan is translated at the exchange rate of Rs. 105.5/USD converting the liability of USD 3,000,000 to Rs. 316,500,000 and the interest rate is converted from USD 6M LIBOR plus 5% per annum to a fixed rate of 12.40%.

23.1.2.3 The Company entered into cross currency swap agreement with MCB Bank on April 24, 2018. Loan is translated at the exchange rate of Rs. 115.65/USD converting the liability of USD 5,000,000 to Rs. 578,250,000 and the interest rate is converted from 7.37% per annum to a fixed rate of 13.20%.

23.1.2.4 The Company entered into cross currency swap agreement with MCB Bank on May 07, 2018. Loan is translated at the exchange rate of Rs. 115.65/USD converting the liability of USD 5,000,000 to Rs. 578,250,000 and the interest rate is converted from USD 3M LIBOR plus 4.15% per annum to a fixed rate of 12.50%.

23.1.2.5 The Company entered into cross currency swap agreement with MCB Bank on May 21, 2018. Loan is translated at the exchange rate of Rs. 115.65/USD converting the liability of USD 5,000,000 to Rs. 578,250,000 and the interest rate is converted from USD 6M LIBOR plus 4.75% per annum to a fixed rate of 13.30%.

23.1.2.6 The Company entered into cross currency swap agreement with MCB Bank on August 24, 2018. Loan is translated at the exchange rate of Rs. 124.25/USD converting the liability of USD 2,970,000 to Rs. 369,022,500 and the interest rate is converted from USD 3M LIBOR plus 4.15% per annum to a fixed rate of 14.10%.

23.1.2.7 The Company entered into cross currency swap agreement with MCB Bank on October 25, 2018. Loan is translated at the exchange rate of Rs. 132.3/USD converting the liability of USD 1,980,000 to Rs. 261,954,000 and the interest rate is converted from USD 3M LIBOR plus 4.15% per annum to a variable rate of 3M KIBOR plus 3.75%.

23.1.2.8 The Company entered into cross currency swap agreement with MCB Bank on October 25, 2018. Loan is translated at the exchange rate of Rs. 132.3/USD converting the liability of USD 3,960,000 to Rs. 523,908,000 and the interest rate is converted from USD 6M LIBOR plus 4.50% per annum to a variable rate of 6M KIBOR plus 4%.

23.1.2.9 The Company entered into cross currency swap agreement with MCB Bank on January 21, 2019. Loan is translated at the exchange rate of Rs. 138.82/USD converting the liability of USD 4,950,000 to Rs. 687,159,000 and the interest rate is converted from 6.20% per annum to a variable rate of 6M KIBOR plus 2.9%.

23.1.2.10 The Company entered into cross currency swap agreement with MCB Bank on February 14, 2019. Loan is translated at the exchange rate of Rs. 138.95/USD converting the liability of USD 7,000,000 to Rs. 972,650,000 and the interest rate is converted from 6.15% per annum to a variable rate of 3M KIBOR plus 3.55%.

23.1.2.11 The Company entered into cross currency swap agreement with Faysal Bank on June 26, 2019. Loan is translated at the exchange rate of Rs. 162.70/USD converting the liability of USD 3,000,000 to Rs. 488,100,000 and the interest rate is converted from 6.90% per annum to a variable rate of 6M KIBOR plus 4.10%.

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

23.1.2.13 The Company entered into cross currency swap agreement with Standard Chartered Bank on February 21, 2020. Loan is translated at the exchange rate of Rs. 154.22/USD converting the liability of USD 1,980,000 to Rs. 305,355,600 and the interest rate is converted from 3 Month Libor plus 4.1% to a variable rate of 3M KIBOR plus 2.04%.

23.1.2.14 The Company entered into cross currency swap agreement with Habib Bank Ltd for first Tranche of Loan on February 12, 2020. Loan is translated at the exchange rate of Rs. 154.35/USD converting the liability of USD 9,999,930 to Rs. 1,543,489,195.50 and the interest rate is converted from 6 Month Libor plus 4.25% to a variable rate of 6M KIBOR plus 2.16%. The Company entered into cross currency swap agreement with Standard Chartered Bank for second Tranche of Loan on April 09, 2020. Loan is translated at the exchange rate of Rs. 167.25/USD converting the liability of USD 6,666,596.66 to Rs. 1,114,988,291.39 and the interest rate is converted from 6 Month Libor plus 4.25% to a variable rate of 6M KIBOR plus 1.65%.

23.1.2.15 The Company entered into cross currency swap agreement with Habib Bank Ltd on July 29, 2020. Loan is translated at the exchange rate of Rs. 166.40/USD converting the liability of USD 7,425,000 to Rs. 1,235,520,000 and the interest rate is converted from 6 Month Libor plus 4.15% to a variable rate of 6M KIBOR plus 2.22%.

23.1.2.16 The Company entered into cross currency swap agreement with Standard Chartered Bank on December 09, 2020. Loan is translated at the exchange rate of Rs. 160.55/USD converting the liability of USD 2,487,560.50 to Rs. 399,377,847.91 and the interest rate is converted from 6 Month Libor plus 4.5% to a variable rate of 6M KIBOR plus 2.7%.

23.1.2.17 The Company entered into cross currency swap agreement with Standard Chartered Bank on December 09, 2020. Loan is translated at the exchange rate of Rs. 160.55/USD converting the liability of USD 4,950,000 to Rs. 794,722,500 and the interest rate is converted from 6 Month Libor plus 4.5% to a variable rate of 6M KIBOR plus 2.6%.

23.1.2.18 The Company entered into cross currency swap agreement with Habib Bank Ltd on February 18, 2021. Loan is translated at the exchange rate of Rs. 158.9/USD converting the liability of USD 5,000,000 to Rs. 794,250,000 and the interest rate is converted from 6 Month Libor plus 4.25% to a variable rate of 6M KIBOR plus 3.64%.

23.1.2.19 The Company entered into cross currency swap agreement with Habib Bank Ltd on June 25, 2021. Loan is translated at the exchange rate of Rs. 157.65/USD converting the liability of USD 7,499,965 to Rs. 1,182,369,482.25 and the interest rate is converted from 6 Month Libor to a fixed rate of 7.50%.

23.1.3 **Translation loss on foreign currency loans**

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

24 LEASE LIABILITIES

The effective interest rate used as the discounting factor (i.e. incremental borrowing rate) is 9.97%. The amount of future payments and the period during which they will become due are:

	Note	2021	2020
		Rupees	Rupees (Restated)
Period ending 30 June			
2021		-	8,269,385
2022		84,458,668	57,413,714
2023		92,774,903	99,013,088
2024		43,823,482	63,133,989
2025		2,253,273	7,330,708
2026		574,782	-
		223,885,108	235,160,884
Less: Future finance charges		(26,563,224)	(34,908,774)
		197,321,884	200,252,110
Less: Current maturity of long term lease		(68,511,543)	(64,697,137)
		128,810,341	135,554,973

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

	Note	2021	2020
		Rupees	Rupees (Restated)
Balances as at July 1		200,252,110	8,269,385
Effect of Initial recognition due to adoption of IFRS 16		-	226,337,325
Additions during the year		56,574,039	-
Markup on lease liabilities	35	19,158,457	17,843,719
		275,984,606	252,450,429
Less: Lease rentals paid		(78,662,722)	(52,198,319)
Balance as at June 30		197,321,884	200,252,110

25 SHORT TERM BORROWINGS

KIVA Loan - foreign currency loan

	Note	2021	2020
Opening		133,555,461	127,050,252
Disbursed during the year		10,080,000	175,303,000
Less: Repaid on recovery from individual borrowers		(91,515,075)	(169,482,718)
Exchange gain/loss		(8,704,839)	684,927
	25.1	43,415,547	133,555,461

25.1 This represents interest free loan obtained from KIVA Micro funds, a California based non-profit, public benefit corporation. KIVA operates a web based business that provides microfinance loans to individuals and groups of developing countries through local lenders of those countries. The Company is registered under KIVA and is solely responsible for collection of loans from borrowers and repayment to KIVA.

[illegible] DEFERRED GRANTS

	Punjab Skills Development Fund (PSDF)	OMV (Pakistan) Exploration GmbH	Pakistan Poverty Alleviation Fund	Coca Cola Foundation	[illegible]	i-Care Foundation	[illegible] Education	[illegible] Fund	Philip Morris	[illegible] Foundation	[illegible]	Netherland's Government	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Miscellaneous local donations	Deferred grants for fixed assets	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
As at 30 June 2019	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Funds received in cash	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Funds utilized for assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grant receivable	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Funds utilised																				
Lending	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Recognized as income - asset amortization	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Recognized as income - operating expenses	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Adjustment against grant receivable	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transferred to other income	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
As at 30 June 2020	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Funds received in cash	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Funds utilized for assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grant receivable	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Funds utilised																				
Lending	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Recognized as income - asset amortization	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Recognized as income - operating expenses	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Adjustment against grant receivable	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transferred to other income	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
As at 30 June 2021	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

		Note	2021 Rupees	2020 Rupees
27	**ACCRUED MARK-UP**			
	Markup on:			
	- long term loans		412,572,334	609,991,388
	- short term borrowings		4,626,382	1,726,858
			417,198,716	611,718,246
28	**TRADE AND OTHER PAYABLES**			
	Accrued expenses		49,930,104	46,926,670
	Provident fund payable	28.1	-	-
	Insurance premium payable		76,180,323	58,641,591
	Deferred Murabaha income		111,515,286	64,480,556
	Claims payable		16,515,086	10,610,352
	Cash Management System (CMS) charges payable		25,451,029	21,089,165
	Staff Bonus payable		86,626,083	-
	Other liabilities		73,545,792	69,942,067
			439,763,703	271,690,401

28.1 Provident fund:

The Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the un-audited financial statements of the provident fund as at 30 June 2021

	(Un-audited) 2021 Rupees	2020 Rupees
Size of the fund - total assets	982,305,881	835,491,409
Cost of investments made	709,353,574	603,000,000
Percentage of investments - (% of total assets)	72.21%	72.17%
Fair value of investments	709,353,574	603,330,432

The break-up of investments is as follows:

	2021		2020	
	Rupees	%	Rupees	%
Term Deposit Receipts	630,000,000	88.81%	590,000,000	97.79%
Mutual Funds	68,523,574	9.66%	13,330,432	2.21%
Term finance certificate BAFL	10,830,000	2.00%	-	-
	709,353,574	100%	603,330,432	100%

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

29 CONTINGENCIES AND COMMITMENTS

There were no significant contingencies and commitments as at 30 June 2021 (2020: Nil)

		2021 Rupees	2020 Rupees
30	**MARK-UP AND OTHER CHARGES ON MICRO-CREDIT LOAN PORTFOLIO**		
	Mark-up charges on:		
	- Kashf Karobar Karza	3,825,554,253	4,356,113,632
	- Kashf Zariye Karza	9,947	545,074
	- Kashf School Sarmaya	8,639,266	53,040,591
	- Kashf Easy Loan	267,991,583	373,906,934
	- Kashf Muwaishi Karza	111,575,370	105,225,427
	- Kashf Sahulat Karza	969,134	7,447,432
	- Kashf Bahali Karza	189,912,245	-
	Reversal of modification loss	350,509,275	-
	Loan documentation fees	32,321	75,480
	Commission on insurance	84,659,441	82,680,133
		4,839,852,835	4,979,034,703

		Note	2021 Rupees	2020 Rupees
31	**GRANT INCOME**			
	Grant related to projects	26	63,919,796	77,660,055
	Amortization of grant related to assets		3,839,274	1,469,030
	Service level agreement		90,738	-
			67,849,808	79,129,085
32	**RETURN ON INVESTMENTS AND BANK DEPOSITS**			
	Return on term deposit receipts		155,201,989	210,197,042
	Return on bank deposits			
	Local		478,060,506	415,900,931
	Foreign		329,574	10,587
			633,592,069	626,108,560
33	**PROGRAMME COST**			
	Salaries, wages and benefits		1,373,984,015	1,204,908,940
	Travel and conveyance		146,970,856	138,744,176
	Insurance		167,156,367	160,386,577
	Office rent		4,893,019	15,793,139
	Provision for loan loss		487,532,705	368,318,299
	Seminar, workshop, research and staff training expenses		3,871,716	51,002,043
	Entertainment		33,068,033	29,914,160
	Printing and stationery		19,623,793	19,183,555
	Communication		23,964,202	21,701,073
	Legal and professional charges		70,892,285	20,917,178
	Depreciation - owned assets	6.2	45,461,275	51,817,860
	Depreciation - right of use assets	6.2	62,140,916	49,917,436
	Utilities		17,740,006	13,984,974
	Repair and maintenance		7,752,565	6,241,737
	Office supplies		9,679,195	15,528,426
	Security		4,314,895	3,512,544
			2,479,045,843	2,171,872,117
34	**GRANT EXPENSES**			
	Salaries, wages and benefits		42,389,381	21,484,196
	Travel and conveyance		2,783,836	3,204,793
	Insurance		117,880	-
	Office rent		2,247,300	1,070,563
	Seminar, workshop, research and staff training expenses		4,963,240	9,081,262
	Printing and stationery		1,327,565	781,521
	Communication		1,046,609	223,709
	Depreciation	6.2	3,770,809	1,469,030
	Amortization		68,465	
	Utilities		1,934,118	128,852
	Repair and maintenance		1,107,522	162,615
	Office supplies		2,513,129	263,617
	Media campaign		2,970,600	16,842,006
	Corona relief fund		159,790	18,603,688
	Miscellaneous		449,564	5,813,233
			67,849,808	79,129,085
35	**FINANCE COST**			
	Mark-up on long term loans		1,787,049,754	2,406,845,657
	Mark-up on finances under mark-up arrangements		4,874,182	120,028
	Markup on lease liabilities	24.1	23,205,623	20,066,061
	Bank charges		112,711,434	124,534,392
	Amortization of transaction costs of loans and borrowings		93,682,564	86,228,011
	Loss on leased vehicles		924,408	2,773,224
			2,022,447,965	2,640,567,373

36 MANAGEMENT AND ADMINISTRATIVE EXPENSES	Note	2021 Rupees	2020 Rupees
Salaries, wages and benefits		282,275,927	268,562,759
Travel and conveyance		12,586,732	15,600,299
Insurance		871,710	979,441
Seminar, workshop, research and staff training expenses		2,705,456	8,256,890
Entertainment		6,162,081	6,812,324
Printing and stationery		658,060	731,369
Communication		5,773,272	7,601,908
Legal and professional charges	36.1	6,465,230	27,980,636
Depreciation	6.2	46,788,548	43,087,121
Utilities		16,668,871	13,288,757
Repair and maintenance		15,021,040	2,259,000
Office supplies		2,794,853	2,224,885
Security		613,645	654,003
Amortization	7.1	3,625,587	1,434,197
Auditor's remuneration	36.2	2,060,000	1,056,000
Advertisement		27,144,471	10,429,968
Miscellaneous		1,452,059	39,055
		433,667,542	410,998,612

36.1 Shariah Advisor Remuneration

Kashf foundation has appointed Al Hamd Shariah Advisory Services (Private) Limited as its Shariah advisor for the review of the mechanism of Islamic portfolio with effect from 7 June 2021 with the remuneration of Rs.40,000/- per month.

36.2 Auditors' remuneration	Note	2021 Rupees	2020 Rupees
Statutory audit fee		1,995,000	880,000
Out of pocket expenses		65,000	176,000
		2,060,000	1,056,000

37 OTHER EXPENSES

Donations	242,926	19,147
Modification loss on financial assets	-	375,447,618
Foreign exchange loss	28,183,114	-
	28,426,040	375,466,765

38 OTHER INCOME

Income from financial assets:		
Bad debt recovered	807,828	3,115,265
Liabilities written back	40,317,980	668,077
Foreign exchange gain - net	-	3,389,329
Fair value gain on Mutual Funds	109,258	48,863
Fair value gain on the investment property	5,646,850	-
Repayment of loan from associate	18,000,000	-
Dividend income	3,575,882	1,694,984
Income from assets other than financial assets:		
Income from rent	13,913,898	13,035,330
Gain on sale of property and equipment	6,039,091	206,081
Miscellaneous income	9,603,177	9,361,813
	98,013,964	31,519,742

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Executives	
	2021	2020	2021	2020
Managerial remuneration	23,885,952	23,885,952	248,005,020	199,364,258
Allowances and others	8,266,545	6,300,457	54,227,506	43,343,863
	32,152,497	30,186,409	302,232,526	242,708,121
Number	1	1	101	81

39.1 Total number of directors of the Company as at June 30, 2021 were 10 (2020: 9). None of the director is paid any remuneration.

40 NUMBER OF EMPLOYEES

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

	2021 Numbers	2020 Numbers
As at June 30	**3,115**	3,211
Average number of employees	**3,163**	3,140

42 RATIOS

	Note	2021 Percentage	2020 Percentage
Portfolio at risk	42.1	**4.39%**	28.72%
Adjusted Return on Assets	42.2	**3.10%**	0.99%
Adjusted Return on Equity	42.3	**15.88%**	5.16%
Operational self-sufficiency	42.4	**115.00%**	104.00%
Financial self-sufficiency	42.5	**104.68%**	97.42%
Surplus as a percentage of total receipts	42.6	**13.26%**	3.82%
Management and administrative expenses as percentage of total receipts	42.7	**7.48%**	7.02%

	Note	2021 Numbers	2020 Numbers
Active loan:			
- as at 30 June	14.8 & 15.3	**554,805**	495,720
Active clients:			
- as at 30 June		**550,090**	490,130
- disbursements during the year	42.8	**547,617**	440,483

42.1 Portfolio at risk

The value of all outstanding loans that have one or more installments of principal overdue for more than 1 day. This item includes the entire unpaid principal balance, including both overdue and future installments, but not accrued interest.

42.2 Adjusted Return on Assets

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

42.3 Adjusted Return on Equity

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

42.4 Operational self-sufficiency

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

42.5 **Financial self-sufficiency**

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

42.6 **Surplus as a percentage of total receipts**

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

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

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

42.8 **Disbursements during the year**

The Company has disbursed micro-credit loan amounting to Rs. 26.86 billion (2020: Rs. 21.3 billion) during the year.

43 **RISK MANAGEMENT OF FINANCIAL INSTRUMENTS**

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

43.1 **Risk management framework**

The Board of Directors has overall responsibility for establishment and over sight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

43.2 **Credit risk**

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

43.2.1 **Exposure to credit risk**

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

	Note	2021	2020
		Numbers	Numbers
Accrued Service charges	16	190,960,347	637,442,247
Long term investments	43.2.2	180,515,000	-
Long term loans	10	217,730	626,924
Micro-credit loan portfolio	11 & 14	15,218,962,572	12,264,240,180
Kashf Murabaha portfolio	15	539,440,958	405,701,513
Advances, deposits and other receivable	43.2.3	231,647,953	287,417,329
Short term investments	43.2.2	1,213,032,111	2,301,094,893
Bank balances	43.2.2	5,917,598,116	6,084,838,452
Financial assets used for hedging	43.2.2	154,367,951	1,349,872,087
		23,646,742,738	23,331,233,625

43.2.2 **Credit quality of investments and bank balances**

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

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Name of Bank	Rating Agency	Short term	Long term	2021	2020
				Rupees	Rupees
MCB Bank Ltd	PACRA	A1+	AAA	172,578,365	1,284,617,376
Habib Bank Ltd	VIS	A1+	AAA	29,560,438	164,940,661
Faysal Bank Ltd	PACRA	A1+	AA	15,553,698	276,084,427
Allied Bank Ltd	PACRA	A1+	AAA	8,722,119	13,678,408
The Bank of Punjab	PACRA	A1+	AA+	15,888,806	423,365,757
Bank Al-Habib Ltd	PACRA	A1+	AAA	18,983,399	4,152,567
Silk Bank Ltd	VIS	A2	A-	5,055,376,128	6,189,835,270
Soneri Bank Ltd	PACRA	A1+	AA-	1,037,163,079	103,389,103
JS Bank Ltd	PACRA	A1+	AA-	350,951,634	600,586,012
Standard Chartered Bank Ltd	PACRA	A1+	AAA	21,111,603	43,676,270
Askari Bank Ltd	PACRA	A1+	AA+	1,693,980	111,056,422
Apna Microfinance Bank Ltd	PACRA	A3	BBB+	7,154,626	2,208,643
Meezan Bank Ltd	VIS	A1+	AAA	7,652	7,652
Mobilink Microfinance Bank Ltd	PACRA	A1	A	115,041,501	23,246,076
NRSP Microfinance Bank Ltd	PACRA	A1	A	86,166,782	99,314,519
Sindh Bank Ltd	VIS	A1	A+	45,485,181	21,727,344
United Bank Ltd	VIS	A1+	AAA	23,733,926	38,841,004
Khushali Microfinance Bank Ltd	VIS	A1	A	13,613,738	10,003,910
Bank Alfalah	PACRA	A1+	AA+	181,424,761	214,972,781
Dubai Islamic Bank	VIS	A1+	AA	-	50,000,000
National Bank of Pakistan	PACRA	A1+	AAA	188,343	42,496
BankIslami Pakistan Ltd	PACRA	A1	A+	12,991	12,349
State Bank of Pakistan	-	-	-	3,116	2,103,116
Faysal Income & Growth Fund	PACRA	-	A(f)	14,170,044	13,390,502
NBP Mutual Funds	-	-	-	-	10,312,371
NBP Financial Sector Income Fund	PACRA	-	A+(f)	62,722,458	-
U Micro Finance Bank	-	A1	A	25,793,296	-
Telenor microfinance Bank Ltd	VIS	A1	A+	8,038,297	13,404,552
Central Depository Company	-	-	-	5,756	-
				7,311,145,717	9,714,969,586

43.2.3 **Other financial assets**

Advances, deposits, prepayments and other receivables are mostly due from employees & financial institutions. Based on past experience the management believes that no impairment allowance is necessary in respect of these financial assets. There are reasonable grounds to believe that these amounts will be recovered with in a period of six months.

Concentration risk

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

	2021	2020
	Rupees	Rupees
Banks	7,388,620,676	9,712,102,560
Mutual fund	76,892,502	23,702,872
Employee	217,730	626,924
	7,465,730,908	9,736,432,356

43.2.4 **Loans and advances**

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

Expected Credit Loss Measurement

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

-The remaining lifetime PD as at the reporting date;

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

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

-Quantitative test based on movement in days past due; and

-Forbearance / restructuring status.

Multiple economic scenarios form the basis of determining the PD at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different PD. Forward-looking information comprises of expected inflation projections.

Definition of default

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

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

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

Write-off

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

Amounts of financial assets that were written off during the reporting period amounted to Rs. 500.6 million (2020: Rs. 9.9 million)

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

-Probability of default (PD);
-Loss given default (LGD);
-Exposure at default (EAD).

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

43.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the remaining contractual maturities of financial liabilities, including interest payments:

	2021			
	Carrying amount	Contractual Cash flows	Up to one year or less	More than one year
	Rupees			
Trade and other payables	216,171,305	216,171,305	216,171,305	-
Long term loans and borrowings	18,398,818,372	18,398,818,372	8,234,696,095	10,164,122,277
Short term borrowing	43,415,547	43,415,547	43,415,547	-
Lease liabilities	197,321,884	223,885,108	84,458,668	139,426,440
	18,855,727,108	18,882,290,332	8,578,741,615	10,303,548,717

	2020			
	Carrying amount	Contractual Cash flows	Up to one year or less	More than one year
	Rupees			
Trade and other payables	186,120,680	186,120,680	186,120,680	-
Long term loans and borrowings	19,153,208,272	19,153,208,272	5,187,668,428	13,965,539,844
Short term borrowing	133,555,461	133,555,461	133,555,461	-
Lease liabilities	200,252,110	235,160,884	8,269,385	226,891,499
	19,673,136,523	19,708,045,297	5,515,613,954	14,192,431,343

43.4 Market risk

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

43.4.1 Currency risk

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

43.4.1 (a) Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	2021	2020
	USD	USD
Liabilities		
Borrowings	440,129	109,162
Mark-up accrued on borrowings	5,993	9,727
Net balance sheet exposure	446,122	118,889

43.4.1 (b) Exchange rates applied during the year

The following significant exchange rates have been applied during the year:

	Average rate for the year		Reporting date rate	
	2021	2020	2021	2020
USD to PKR	162.92	166.15	157.54	168.30

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43.4.1 (c) Sensitivity analysis:

At reporting date, if the PKR had strengthened by 10% basis points against the foreign currencies with all other variables held constant, before tax profit for the year would have been lower by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign debtors, foreign currency bank account and trade and other payables.

	2021	2020
Effect on profit or loss	Rupees	Rupees
US Dollar	7,268,220	1,975,341

43.4.1 (d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest

	Effective rate		Carrying amount	
	2021	2020	2021	2020
Fixed rate instruments	%	%	Rupees	Rupees
Financial assets:				
Short term investment	3.25% to 9.6 %	3% to 16%	1,136,139,609	2,277,392,021
Long term investment	9.03%	-	180,515,000	-
Loan portfolio	34% to 37.06%	35% to 39.23%	15,218,962,572	12,264,240,180
			16,535,617,181	14,541,632,201
Financial liabilities:				
Borrowings:				
Triodos-Hedged	14.25%	14.25%	-	93,518,040
Symbiotics-Hedged	12.40%	12.40%	-	316,500,000
FMO-Hedged	13.30%	13.30%	144,562,500	289,125,000
Proparco-Hedged	13.20%	13.20%	247,821,429	413,035,714
BIB-Hedged	12.50%	12.50%	-	257,000,000
Microvest 3M-Hedged	14.10%	14.10%	-	164,010,000
Bank Alfalah Ltd	3.00%	0.00%	200,140,873	-
Bank Alfalah Ltd	3.00%	0.00%	197,288,575	-
CDC	11.75%	0.00%	1,182,374,996	-
			1,972,188,373	1,533,188,754

Floating rate instruments

	Effective rate		Carrying amount	
	2021	2020	2021	2020
	%	%	Rupees	Rupees
Financial liabilities are:				
Borrowings	9.22% to 11.74%	10.02% to 16.49%	18,398,818,372	19,153,209,189
			18,398,818,372	19,153,209,189

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) surplus for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021

Cash flow sensitivity analysis on variable rate financial liabilities	Profit or loss 100 bps	
	Increase	Decrease
	Rupees	Rupees
As at June 30, 2021		
Cash flow sensitivity-Variable rate financial liabilities	183,988,184	(183,988,184)
As at June 30, 2020		
Cash flow sensitivity-Variable rate financial liabilities	191,532,092	(191,532,092)

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

43.4.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

43.4.3 Other price risk

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

44 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

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

	2021							
	Carrying amount				Fair value			
	At Amortized Cost	At Fair Value	Other non financial assets	Total	Level 1	Level 2	Level 3	Total
June 30, 2021	Rupees							
Financial assets - measured at fair value								
Mutual funds	-	76,892,502	-	76,892,502	-	-	-	-
	-	76,892,502	-	76,892,502	-	-	-	-
Financial assets - not measured at fair value								
Long term investments	180,515,000	-	-	180,515,000	-	-	-	-
Long term loans	217,730	-	-	217,730	-	-	-	-
Micro-credit loan portfolio	15,218,962,572	-	-	15,218,962,572	-	-	-	-
Kashf Murabaha	539,440,958	-	-	539,440,958	-	-	-	-
Accrued service charges	190,960,347	-	-	190,960,347				
Advances, deposits and other receivables	120,132,667	-	-	120,132,667	-	-	-	-
Short term investments	1,213,032,111	-	-	1,213,032,111	-	-	-	-
Financial assets used for hedging	-	154,367,951	-	154,367,951	-	154,367,951	-	154,367,951
Cash and bank balances	5,923,306,812	-	-	5,923,306,812	-	-	-	-
	23,386,568,197	154,367,951	-	23,540,936,148	-	154,367,951	-	154,367,951
Financial liabilities - not measured at fair value								
Long term financing	10,162,784,549	-	-	10,162,784,549	-	-	-	-
Current portion of long term financing	8,071,550,336	-	-	8,071,550,336	-	-	-	-
Short term borrowings	43,415,547	-	-	43,415,547	-	-	-	-
Accrued markup	417,198,716	-	-	417,198,716	-	-	-	-
Trade and other payables	216,171,305	-	-	216,171,305				
	18,911,120,453	-	-	18,911,120,453	-	-	-	-
Non Financial assets - measured at fair value								
Freehold land	-	-	355,725,000	355,725,000	-	-	355,725,000	355,725,000
Investment property	-	-	88,150,750	88,150,750	-	-	88,150,750	88,150,750
	-	-	443,875,750	443,875,750	-	-	443,875,750	443,875,750

	2020							
	Carrying amount				Fair value			
	At Amortized Cost	At Fair Value	Other non financial assets	Total	Level 1	Level 2	Level 3	Total
June 30, 2020	Rupees							
Financial assets - measured at fair value								
Mutual funds	-	23,702,872	-	23,702,872	-	23,702,872	-	**23,702,872**
	-	23,702,872	-	23,702,872	-	23,702,872	-	23,702,872
Financial assets - not measured at fair value								
Long term investments	-	-	-	-	-	-	-	-
Long term loans	626,924	-	-	626,924	-	-	-	-
Micro-credit loan portfolio	12,264,240,180	-	-	12,264,240,180	-	-	-	-
Kashf Murabaha	405,701,513	-	-	405,701,513	-	-	-	-
Accrued service charges	637,442,247	-	-	637,442,247				-
Advances, deposits and other receivables	222,936,683	-	-	222,936,683	-	-	-	-
Short term investments	2,301,094,893	-	-	2,301,094,893	-	-	-	-
Financial assets used for hedging	-	1,349,872,087	-	1,349,872,087	-	1,349,872,087	-	1,349,872,087
Cash and bank balances	6,111,038,513	-	-	6,111,038,513	-	-	-	-
	21,943,080,953	1,349,872,087	-	23,292,953,040	-	1,349,872,087	-	1,349,872,087
Financial liabilities - not measured at fair value								
Long term financing	13,014,743,858	-	-	13,014,743,858	-	-	-	-
Current portion of long term financing	5,998,382,280	-	-	5,998,382,280	-	-	-	-
Short term borrowings	133,555,461	-	-	133,555,461	-	-	-	-
Accrued markup	632,807,411	-	-	632,807,411	-	-	-	-
Trade and other payables	186,120,680	-	-	175,510,328				
	19,965,609,690	-	-	19,954,999,338	-	-	-	-
Non Financial assets - measured at fair value								
Freehold land	-	-	355,725,000	355,725,000	-	-	355,725,000	355,725,000
Investment property	-	-	82,503,900	82,503,900	-	-	82,503,900	82,503,900
	-	-	438,228,900	438,228,900	-	-	438,228,900	438,228,900

45 RELATED PARTY TRANSACTIONS

The related parties and associated undertakings comprise associated company, company in which directors are interested, staff retirement fund, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under respective notes. Amounts due from directors and key management personnel (if any) are shown under receivables and remuneration of directors and key management personnel as disclosed in note 39. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	2021	2020
		Rupees	Rupees
Provident fund	Contribution	76,877,130	72,996,080
Kashf Holdings (Private) Limited	Repayment of loan installment	18,000,000	-

46 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 04 OCT 2021 by the Board of Directors of the Company.

Chief Executive Officer

Chief Financial Officer

Director

Kashf
FOUNDATION

A COMPANY SET UP UNDER SECTION 42
OF THE COMPANIES ORDINANCE 1984

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