OPD Support Program
اوپی ڈی سپورٹ پروگرام

DIRECTOR'S REPORT

BUILDING SUSTAINABLE GROWTH
FOR A BRIGHTER FUTURE

2026



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1. COMPANY INFORMATION

OPD Support Program was incorporated on September 1, 2016, as a public company limited by guarantee under Section 42 of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company operates primarily to alleviate poverty, reduce gender gaps, and foster sustainable economic and social development across low-income urban and rural communities in Pakistan.

Following the surrender of its formal investment finance services license to the Securities and Exchange Commission of Pakistan (SECP) on July 22, 2024, the Company currently operates under Section 4 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, maintaining its portfolio and borrower base within the regulatory threshold.

Vision

To contribute in the development of an inclusive, equal and sustainable society.

Mission

To promote and deliver sustainable development by alleviating poverty and reducing gender gaps.

Board of Directors

a.	Mr. Muhammad Aniq Zafar	Chairman
b.	Mr. Rizwan Hameed	Member
c.	Mrs. Tanveer Jahan	Member
d.	Mr. Syed Ahsan Shahzad	Member
e.	Mr. Zafarullah Khan	Member

Management

a.	Mr. Nadeem Sarwar	Chief Executive Officer
b.	Mr. Muhammad Sulaman Tariq	Manager Accounts, Finance and Compliance
c.	Mr. Akbar Baig	Manager Program Operations
d.	Mr. Shahzad Warraich	Manager HR and Legal Affair
e.	Mr. Usman Khalid	Manager IT and Data Reporting
f.	Mr. Faizan Tariq	Manager Admin and AML/CF Compliance
g.	Mr. Muhammad Nouman	Manager Monitoring and Innovation

Legal Advisor

a.	Mr. Shahzad Warraich	B.A, LL.B (Advocate High Court)

Company Secretary

a.	Mr. Muhammad Sulaman Tariq	MBA (Finance)

Auditor

a.	M/s Junaidy Shoaib Asad	Chartered Accountants

Registered Office

a.	Head Office	185-B, Model Town, District Gujranwala

DIRECTORS' REPORT

TO THE MEMBERS

On the behalf of the Board of Directors of "OPD Support Program" (the company),
I am pleased to present our report, the audited financial statements and auditor's report for the year ended June 30, 2026.

2. FINANCIAL HIGHLIGHTS

a. Statement of Income and Expenditure

	Note	2026 Rupees	2025 Rupees
Financial Income			
Mark-up and other charges on micro credit loan portfolio	24	87,927,145	69,760,966
Profit on bank deposits		1,558,031	4,124,709
Amortization of grants relating to operating assets	15	24,633	30,791
Other income	25	15,574,660	240,161
		105,084,470	74,156,626
Expenses			
Program expenses	26	(81,530,251)	(49,225,004)
Administrative expenses	27	(4,562,493)	(4,545,913)
Finance cost	28	(2,630,863)	(10,949,296)
Provision against non- performing loans	8.2, 9.1-9.2 & 10.4.1	258,687	(1,128,424)
		(88,464,920)	(65,848,637)
Profit before income tax and minimum tax		16,619,550	8,307,989
Minimum tax	29	(1,246,647)	(724,695)
Profit before Income tax		15,372,903	7,583,294
Taxation	30	-	-
Profit for the period after taxation		15,372,903	7,583,294
Other Comprehensive Income			
Experience adjustments of re-measurment of plan obligation	16	(9,294,183)	(3,242,486)
Total comprehensive Income for the year		6,078,720	4,340,808

The annexed notes, from 1 to 36, form an integral part of these financial statements.

b. Balance Sheet

	Note	2026 Rupees	2025 Rupees
ASSETS			
Non-current assets			
Property and equipment	5	11,901,133	4,025,274
Intangible assets	6	251,928	314,910
Long term receivables	7	1,116,986	1,392,682
		13,270,047	5,732,866
Current assets			
Loan and advances - net of provisions	8	134,980,841	111,483,312
Accrued service charges	9	1,485	33,810
Advances, deposits and other receivables - net of provisions	10	2,557,011	2,104,848
Advance income tax	11	-	255,732
Cash and bank balances	12	7,804,165	34,164,534
		145,343,501	148,042,237
		158,613,548	153,775,102
FUNDS AND LIABILITIES			
Funds			
General funds		(16,910,716)	(22,989,436)
Members contribution		300,000	300,000
Endowment fund - unsecured	13	109,726,711	17,600,000
Sub-ordinate loan - unsecured	14	-	37,733,333
		93,115,995	32,643,897
Non current liabilities			
Deferred grant - related to operating assets	15	98,530	123,162
Deferred liability	16	22,055,234	17,652,713
Long term loan	17	19,850,000	-
		42,003,764	17,775,875
Current liabilities			
Current portion of long-term loans	17	3,250,000	25,700,000
Accrued mark-up on PPAF loan	18	455,672	8,989,640
Accrued and other liabilities	19	10,208,741	64,625,839
Income tax payable	20	539,526	-
Short term loans	21 & 22	9,039,850	4,039,850
		23,493,790	103,355,329
		158,613,549	153,775,102
Contingencies and commitments	23	-	-

The annexed notes, from 1 to 36, form an integral part of these financial statements.

c. Statement of Change in Funds

PARTICULARS	General Fund	Members contribution	Endowment fund	Sub-Ordinate Loan	Total
	----------Rupees----------				
Balance as at June 30, 2023	**(24,521,760)**	**300,000**	**17,600,000**	**37,733,333**	**31,111,573**
Total comprehensive loss for the year 2024	**(2,808,483)**	**-**	**-**	**-**	**(2,808,483)**
Balance as at June 30, 2024	**(27,330,243)**	**300,000**	**17,600,000**	**37,733,333**	**28,303,090**
Total comprehensive income for the year 2025	**4,340,808**	**-**	**-**	**-**	**4,340,808**
Balance as at June 30, 2025	**(22,989,436)**	**300,000**	**17,600,000**	**37,733,333**	**32,643,897**
Total comprehensive income for the year 2026	**6,078,720**	**-**	**92,126,711**	**(37,733,333)**	**60,472,098**
Balance as at June 30, 2026	**(16,910,716)**	**300,000**	**109,726,711**	**-**	**93,115,995**

The annexed notes, from 1 to 36, form an integral part of these financial statements.

d. Cash Flow Statement

	Note	2026 Rupees	2025 Rupees
Cash flows from operating activities			
Profit/(loss) for the year before tax		**16,619,550**	**8,307,989**
Adjustments for non-cash items:			
Depreciation and amortization		**2,246,289**	**977,294**
Provision against non-performing loans		**(258,687)**	**1,128,424**
Provision of gratuity		**4,539,474**	**3,784,380**
Finance cost		**2,630,863**	**10,949,296**
Loss on disposal of operating fixed assets		**10,000**	**16,360**
Gain on disposal of operating fixed assets		**(3,480,789)**	**(11,130)**
Markup converted into other income		**(11,803,560)**	**-**
Amortization of grants		**(24,633)**	**(30,791)**
		(6,141,043)	**16,813,834**
Net cash flows before working capital changes		**10,478,507**	**25,121,822**
Changes in working capital			
Decrease/(Increase) in loans and advances		**(23,603,315)**	**(18,336,033)**
Decrease in long term receivable		**249,100**	**321,340**
Decrease in accrued service charges		**435,810**	**67,660**
(Decrease)/Increase in advances, deposits and other receivables		**(218,849)**	**(516,148)**
Increase accrued and other liabilities		**3,309,727**	**(785,146)**
Cash generated from/(used in) operations		**(19,827,528)**	**(19,248,326)**
Gratuity Paid		**(9,431,136)**	**(118,731)**
Finance cost paid		**(2,694,715)**	**(1,591,422)**
Tax paid		**(707,121)**	**(1,042,001)**
Net cash generated from operations		**(22,181,992)**	**3,121,342**
Cash flows from investing activities:			
Purchase of operating fixed assets		**(11,578,377)**	**(461,440)**
Sales proceeds of operating fixed assets		**5,000,000**	**32,500**
Net cash used in investing activities		**(6,578,377)**	**(428,940)**
Cash flows from financing activities:			
Borrowings repaid during the year		**(2,600,000)**	**(1,300,000)**
Borrowings obtained during the year		**5,000,000**	**-**
Net cash (outflow) from financing activities		**2,400,000**	**(1,300,000)**
Net inecrease in cash and cash equivalents		**(26,360,369)**	**1,392,402**
Cash and cash equivalents at beginning of the year		**34,164,534**	**32,772,132**
Cash and cash equivalents at the end of the year	**12**	**7,804,165**	**34,164,534**

The annexed notes, from 1 to 36, form an integral part of these financial statements.

3. AN EXTRAORDINARY YEAR

During FY 2025–26, following the submission of a proposal for new microfinance funding, the OPD Support Program expanded its existing product, ***KHUD Kafeel Qaraz***, by extending the repayment plan from 12 months to 18 months at a service charge of 30% p.a. This product feature was successfully developed within the Management Information System (MIS) and integrated with the Financial Information System (FIS) to minimize the installment burden on borrowers. The loan amount for this product ranges from PKR 100,000 to PKR 150,000 for eligible individuals under standard terms and conditions.

Additionally, management evaluated the operational setup of community cash-collection branches. Due to evolving field circumstances, these branches faced collection bottlenecks, increased default risks, cumbersome client-to-client manual cash handling, and heavy daily data-entry workloads (often exceeding 350 transactions per day in the recovery module alongside disbursement entries), which frequently required staff to work late hours. Consequently, management decided to phase out this specific physical collection setup pending comprehensive system upgrades. Key operational lessons learned include the necessity for fully integrated systems that support live operations, such as partnering with branchless banking networks to enable real-time updates on recovery collections and executing disbursements through digital wallets or banking channels to mitigate cash-handling risks and boost employee productivity.

To further reduce paperwork and streamline workloads for desk officers and branch accounts officers, management prioritized system digitalization. Under the guidance and approval of the Chairman, solar energy systems were successfully installed across all company branches to ensure energy sustainability and insulate operations from frequent electricity breakdowns and infrastructure bottlenecks caused by local road developments (such as the Metro-Bus Project on GT Road from Gakhar to Emanabad).

Furthermore, the portfolio and financial management software was fully updated to improve data efficiency and support custom development. A dedicated cheque book register module was also developed and integrated into the Financial Information System. In its initial phase, this module incorporates cheque book allocation, activation, and completion tracking. Separate reports are maintained for each assigned cheque book number to provide real-time status updates on every used, unused, and canceled cheque, significantly enhancing the transparency of the company's financial instruments.

During the period, the Pakistan Poverty Alleviation Fund (PPAF) approved an endowment fund totaling PKR 92.12 million through the conversion of a subordinated loan amounting to PKR 37.73 million and outstanding markups totaling PKR 54.39 million. This milestone reflects the dedicated efforts of PPAF's management team and our own leadership in maintaining strong portfolio quality (keeping the Portfolio at Risk below 2%) and financial discipline despite limited resources. Extensive discussions were held between our CEO, Chairman, and PPAF leadership (headed by Mr. Nadir Gul Barech) to address equity shortfalls and successfully restructure outstanding conventional loans over a ten-year period up to 2034 at a floor rate. A robust business plan, approved by the Board of Directors, has been submitted to PPAF, laying the groundwork for subsequent engagement with PMIC's microfinance credit line program to ensure long-term profitability and institutional sustainability.

The upcoming year presents significant opportunities and challenges, particularly regarding the consolidation of equity levels and the securing of strategic credit lines. To demonstrate strong institutional commitment and build investor confidence, CEO Mr. Nadeem Sarwar provided a financing facility to the company at KIBOR+2.5%, while ongoing negotiations with various private and public sector investors are actively pursued. Despite current market challenges, the Board remains highly optimistic that our dedicated team will successfully drive sustainable growth and expand institutional outreach.

4. FINANCIAL HIGHLIGHTS - STANDALONE

a. Net Income / (Deficit)

During FY 2026, the company reported a total comprehensive income of PKR 6.078 million, comprising a profit after taxation of PKR 15.37 million offset by actuarial and remeasurement losses on gratuity of PKR 9.29 million, representing an increase from the corresponding period's total comprehensive income of PKR 4.34 million.

The microcredit portfolio expanded to PKR 137.60 million in FY 2026, up from PKR 114.84 million in FY 2025. This growth was driven by sustaining disbursements while increasing average loan sizes, keeping the total number of active borrowers below 5,000. Concurrently, the average disbursement per loan increased to PKR 56,226 in FY 2026 (compared to PKR 48,669 in FY 2025), and the average outstanding loan size rose to PKR 33,367 (compared to PKR 24,571 in FY 2025).

Out of a total portfolio of 4,124 active loans at year-end, 62 borrowers carried overdue principal and markup balances as of June 30, 2026, while 589 borrower accounts were successfully closed following full settlement (down from 651 settled accounts in the previous period). The gross portfolio yield remained robust at 54.84% in FY 2026 compared to 52.16% in FY 2025, supported by increased earned income from deployed funds.

The pricing policy for the microfinance portfolio remained consistent, incorporating upfront charges of 4% and annualized service charges of 30%. This pricing structure, combined with careful management of operational costs against inflationary pressures, enabled the company to improve its financial performance under limited resources.

Earned markup and other charges on the microcredit portfolio amounted to PKR 87.93 million in FY 2026 compared to PKR 69.76 million in FY 2025. This figure excludes separate loan processing fees totaling PKR 12.48 million collected on 5,163 new loans disbursed in FY 2026 (versus PKR 9.85 million collected on 4,623 loans in FY 2025).

Recoveries from long-term receivables (refer to Note 7) yielded PKR 0.25 million in accordance with the agreed schedule, compared to PKR 0.32 million in FY 2025. Additionally, accrued service charges on non-performing loans stood at PKR 0.30 million across 62 borrowers in FY 2026, down from PKR 1.71 million across 568 borrowers in FY 2025 (as noted in Note 9). Corresponding net provision reversals/charges were recorded in line with regulatory provisioning guidelines.

b. Financial Cost, Branchless Banking Cost

The total finance cost for the Company—comprising markup on PPAF loans, director loans, and CEO loans—stood at PKR 2.63 million in FY 2026, marking a significant decrease from PKR 10.95 million in FY 2025. Specifically, markup on PPAF loans payback to PKR 1.90 million in FY 2026 compared to PKR 10.40 million in FY 2025. This major decrease is primarily attributable to the revision of financial agreements with PPAF at a fixed 8% floor rate, as well as the conversion and waiver of outstanding markups. In the previous year, finance costs were charged in accordance with older supplementary agreements covering both subordinated and conventional loan facilities before the subordinated debt and associated markups were converted into an endowment fund by the PPAF Board of Directors.

Regarding branchless banking channels, collections conducted via branchless banking totaled PKR 65.58 million, representing 19.65% of total collections in FY 2026, which remains closely aligned with the corresponding period in FY 2025 (where branchless collections were PKR 47.59 million, accounting for 19.82% of total collections) relative to the overall portfolio size.

Furthermore, during the period, PPAF approved the restructuring of PKR 92.12 million into an Endowment Fund consisting of a PKR 37.73 million subordinated loan, PKR 31.82 million in accrued markup on subordinated loans, and PKR 22.57 million in accrued markup on conventional loans. Additionally, an outstanding markup amount of PKR 11.80 million was waived off and recognized as part of other income.

The benchmark 6-month KIBOR (offer) rate serves as the basis for variable loan pricing covenants, which are determined on the first working day of January and July for each respective half-year, subject to a minimum floor rate of 8%.

c. Portfolio and Provision

Portfolio Growth: For the period ended, the gross microcredit loan portfolio stood at PKR 137.60 million in FY 2026 compared to PKR 114.84 million in FY 2025 (note: corresponding net/gross presentation details can be referenced in Annex – A). A detailed visual presentation of recovery, disbursement, and outstanding loan portfolios for the period can be found in *Annex – A*.

Portfolio Quality & PAR: The Portfolio at Risk (PAR) moved to 2.97% (representing a 0.92% increase from 2.05% in FY 2025). Overall portfolio quality was actively managed through focused recoveries from overdue clients and consistent monitoring by the risk department.

Disbursements: Disbursements during the year totaled PKR 290.30 million (listed in notes as PKR 290.29 million), up from PKR 225.00 million (listed as PKR 224.99 million) in FY 2025, demonstrating sustained growth in outreach and lending operations.

Caseload & Staff Efficiency: The caseload per loan officer averaged 203 borrowers in FY 2026, identical to FY 2025. This figure reflects optimal portfolio distribution and increased disbursements, remaining well below the microfinance industry average of approximately 350 cases per loan officer.

Write-offs & Provisions: Loan write-offs due to borrower demise accounted for 0.61% of the portfolio in FY 2026, compared to 0.30% in FY 2025. Adequate specific and general provisions were maintained in line with regulatory requirements, resulting in a robust risk coverage ratio of 206% in FY 2026, up from 143% in FY 2025.

d. Borrowing

PPAF Financial Restructuring & Facility Rescheduling: The Company successfully submitted and finalized financial arrangements with the Pakistan Poverty Alleviation Fund (PPAF) to reschedule its outstanding credit facilities. During the period, PPAF approved the conversion of PKR 37.73 million in subordinated loans, PKR 31.81 million in outstanding markup on subordinated loans, and PKR 22.57 million in outstanding markup on conventional loans into an unsecured Endowment Fund totaling PKR 92.12 million. Furthermore, the conventional loan principal outstanding was successfully rescheduled over a ten-year period up to December 2034 at a floor rate of 8% to strengthen the Company's financial position and long-term sustainability.

Working Capital & Executive Support: To meet immediate working capital requirements for community microcredit disbursements, Chief Executive Officer Mr. Nadeem Sarwar extended a short-term financing facility of PKR 5.0 million under an agreement linked to 6-month KIBOR + 2.5%.

Equity Expansion Initiatives: The Board of Directors is actively exploring strategic equity partnerships with potential investors. Securing additional equity and credit lines will enable the Company to promptly embark on planned expansion and outreach initiatives.

5. APPROPRIATIONS

a. Capital Expenditure

Capital Additions: During the financial year, the Company acquired operating fixed assets totaling PKR 11.58 million (listed as PKR 11.57 million in notes) in FY 2026 compared to PKR 198,940 in FY 2025. Major additions were directed toward vehicles, office equipment, furniture and fittings, and computer equipment.

Asset Disposals: Disposals of operating fixed assets amounting to a cost/book value of PKR 3.55 million in FY 2026 (against PKR 120,900 in FY 2025) were executed for vehicles and equipment that were no longer in satisfactory condition or economical to maintain operational productivity.

b. Fixed Deposits & Endowment Fund Deployment

The amount endowment funds amounting to **PKR 110.03 million** (reported as PKR 110.02 million) in FY 2026 (compared to **PKR 17.60 million** in FY 2025) were fully deployed to support and expand the microfinance loan portfolio, ensuring optimal utilization of institutional capital for community lending operations.

c. Sub-Ordinated Loan

On March 31, 2026, the subordinated loan amounting to PKR 37.73 million - which originally matured on December 31, 2021 - was officially converted into an unsecured Endowment Fund pursuant to the restructuring agreement with the Pakistan Poverty Alleviation Fund (PPAF).

6. STRATEGIC INITIATIVES

The Company's primary objective is to work for the socio-economic and cultural betterment of underprivileged and unserved communities. To achieve sustainable social and community development while remaining fully committed to meeting the expectations of the community, the Company is actively exploring new growth opportunities in sectors beyond traditional microfinance.

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has established an internal control framework commensurate with the size, scale, and complexity of its operations. The scope and authority of the Monitoring and Innovation function are clearly defined within the organization and are continuously refined to support further development and institutional scaling. To maintain complete objectivity, independence, and effective governance, the Monitoring and Innovation Department reports functionally and directly to the Board of Directors and the Chief Executive Officer.

The Monitoring and Innovation Department continually monitors and evaluates the efficacy and adequacy of the microfinance portfolio, ensuring strict adherence to operational workflows in accordance with approved credit policies and accounting procedures across all branch locations, particularly regarding loan disbursements and recovery collections.

Furthermore, the department identifies operational gaps, formulates actionable corrective measures, and actively strengthens internal controls. Significant audit observations and proposed corrective actions are formally presented to the Board of Directors and the Chief Executive Officer for review and implementation. Based on these evaluations, the established internal financial controls are deemed adequate and have operated effectively throughout the reporting year.

In addition, during the period, the AML/CFT Compliance Department ensured timely adherence to regulatory obligations by screening customer and operational databases against NACTA lists and available Federal Investigation Agency (FIA) records, with regular compliance reports submitted to the Securities and Exchange Commission of Pakistan (SECP).

8. NUMBER OF EMPLOYEE AND STAFF TURN OVER

The staff turnover improved by 31% with 53 employees in FY-2026 from 41% with 45 employees in FY-2025.

9. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statement for the year in respect of remuneration including certain benefits to the Chief Executive Officer of the Company is as follows:

- Remuneration of Chief Executive, Directors and Executives

	2026		
	Chief Executive	Directors	Executives
	---------- Rupees ----------		
Managerial remuneration	9,056,550	-	10,422,880
Medical Insurance	150,000	-	-
Gratuity - Salary	670,000	-	755,000
Vehicle Running & Maintenance	1,568,055	-	495,743
Markup on Loan	298,942	432,302	-
Communication	67,353	-	128,906
	11,810,900	432,302	11,802,529
Number of persons (including those	1	5	4

	2025		
	Chief Executive	Directors	Executives
	---------- Rupees ----------		
Managerial remuneration	3,996,000	-	6,563,960
Medical Insurance	-	-	-
Gratuity - Salary	333,000	-	535,200
Vehicle Running & Maintenance	876,055	-	483,536
Employee Loan	-		-
Communication	88,410	-	144,690
	5,293,465	-	7,727,386
Number of persons (including those who worked part of the year)	1	5	3

10. RELATED PARTY TRANSACTIONS

Reference to Note 31, the transactions with related parties during the period has been as follows;

Party Name	Transactions during the period	2026 Rupees	2025 Rupees
Mr. Nadeem Sarwar (CEO)	Opening Payable	-	-
	Loan given during the period	-	-
	Salaries and benefits entitled	9,056,550	3,996,000
	Advance against Salary	904,332	644,248
	Loan obtained during the period	5,000,000	-
	Markup charged on loan	298,942	-
	Payable at year end	15,259,824	4,640,248
	Opening receivable	-	-
	Salaries and benefits Paid	(9,056,550)	(3,996,000)
	Advance recovered during the period	(904,332)	(644,248)
	Markup on Loan paid	(298,942)	
	Loan recovered during the period	-	-
	Paid at year end	(10,259,824)	(4,640,248)
	Payable at year end	5,000,000	-

Mr. Aniq Zafar (Director)	Opening loan payable	**4,039,850**	**4,039,850**
	Opening markup payable on loan	**12,565**	**-**
	Loans repaid during the period	**-**	**-**
	Markup charged on loan	**432,302**	**551,606**
	Payable at year end	**4,484,717**	**4,591,456**
	Opening Advance Markup receivable	**(382,811)**	**-**
	Advance Markup Paid	**-**	**(500,000)**
	Advance Markup received / adjusted	**295,391**	**117,189**
	Markup paid during the year	**(444,867)**	**(539,041)**
	Paid at year end	**(532,287)**	**(921,852)**
	Payable at year end	**3,952,430**	**3,669,604**

11. FINANCIAL RISK MANAGEMENT

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

a. Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk, the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

b. 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 is:

	2026 Rupees	2025 Rupees
Loan and advances - net of provisions	**134,980,841**	**111,483,312**
Advances, deposits and other receivables - net of provisions	**2,557,011**	**2,104,848**
Bank balances	**7,767,359**	**34,005,937**
	145,305,211	**147,594,097**

c. Counterparties with external credit ratings

These include banking companies and financial institutions. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long-standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

Name of Bank	Rating Agency	Long term credit rating	Short term credit rating	2026 Rupees	2025 Rupees
Allied Bank Limited	PACRA	AAA	A1+	**7,024,631**	**16,826,683**
Mobilink Microfinance bank	PACRA	A	A1	**742,728**	**17,179,254**
				7,767,359	**34,005,937**

d. Liquidity risk

Liquidity Risk is the risk that the company may 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 difficulties in raising funds to meet commitments associated with financial labilities as they fall due. The following analysis shows the Company's financial liabilities into relevant maturity groupings based on the remaining period to their contractual maturities at the balance sheet date. The amount disclosed in the table are the contractual undisclosed cash flows and also include the impact of estimated future interest payments.

	2026				
Financial liabilities	**Carrying amount**	**Contractual cashflows**	**Less than one year**	**One to five years**	**More than five years**
	---------- Rupees ----------				
Loan from director	4,039,850	4,039,850	4,039,850	-	-
Loan from CEO	5,000,000	5,000,000	5,000,000		
Microcredit loans - PPAF	23,100,000	23,100,000	3,250,000	13,000,000	6,850,000
Subordinated Loan - PPAF	-	-	-	-	-
Accrued markup - PPAF loan	455,672	455,672	455,672	-	-
Accrued & other liabilities	10,208,741	10,208,741	10,208,741	-	-
Total	**42,804,264**	**42,804,264**	**22,954,264**	**13,000,000**	**6,850,000**

Financial liabilities	Carrying amount	Contractual cashflows	Less than one year	One to five years	More than five years
			2025		
			Rupees		
Loan from director	4,039,850	4,039,850	4,039,850	-	-
Microcredit loans - PPAF	25,700,000	25,700,000	25,700,000	-	-
Subordinated Loan - PPAF	37,733,333	37,733,333	37,733,333	-	-
Accrued markup - PPAF loan	66,703,900	66,703,900	66,703,900	-	-
Accrued & other liabilities	6,911,579	6,911,579	6,911,579	-	-
Total	**141,088,662**	**141,088,662**	**141,088,662**	**-**	**-**

e. Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

f. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to currency risk as there is no loan in foreign currency.

g. Interest rate risk

Mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. At the reporting date, the variable interest rate profile of the Company's significant interest-bearing financial instruments is as follows:

June 2026

Variable rate instruments	Effective rate of interest	Carrying value in Rupees
Financial liabilities		
Microcredit loans - PPAF	Fixed at 8% Markup	23,100,000
Loan from director	6 month KIBOR - 0.5 %	4,039,850
Loan from CEO	6 month KIBOR + 2.5 %	5,000,000
Total		**27,139,850**
Financial assets		
Cash at bank - deposit accounts	9% to 12.50%	7,804,165
Total		**7,804,165**

June 2025		
Variable rate instruments	**Effective rate of interest**	**Carrying value in Rupees**
Financial liabilities		
Subordinated loan - PPAF	6 month KIBOR	37,733,333
Microcredit loans - PPAF	6 month KIBOR	25,700,000
Loan from director	6 month KIBOR - 0.5 %	4,039,850
Total		**29,739,850**
Financial assets		
Cash at bank - deposit accounts	12.50% to 19.50%	34,164,534
Total		**34,164,534**

h. 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 remain constant. The analysis is performed on the same basis for 2025.

Cash flow sensitivity analysis for variable rate instruments	Increase of 100 bps	decrease of 100 bps
	---------Rupees--------	
As at June 30, 2026		
Cash flow sensitivity -variable rate financial assets	**78,042**	(78,042)
Cash flow sensitivity -variable rate financial liabilities	**(271,399)**	271,399
(Decrease)/Increase in surplus during the year	**(193,357)**	**193,357**
As at June 30, 2025		
Cash flow sensitivity -variable rate financial assets	**341,645**	(341,645)
Cash flow sensitivity -variable rate financial liabilities	**(297,399)**	297,399
(Decrease)/Increase in surplus during the year	**44,247**	**(44,247)**

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

i. Price risk

Price risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in market.

j. Fair values of financial assets and liabilities

Fair value is the amount that would be received on sale of an asset or paid on transfer of liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention to curtail materially the scale of its operations or to undertake a transaction on adverse terms. IFRS 13, 'Fair value Measurements' requires the Company to classify fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can assess at reporting date;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

The following table shows the categories as well as carrying amounts and fair values of financial assets according to their respective category, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

k. Financial instruments - Fair values

The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

	2026						
	Carrying amount			Fair value			
	Financial Assets	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
	---------- Rupees ----------						
Financial assets measured at amortized cost							
Cash and bank balances	7,804,165	-	7,804,165	-	-	-	-
Long term security deposits	1,116,986	-	1,116,986	-	-	-	-
Loan and advances - net of provisions	134,980,841	-	134,980,841	-	-	-	-
Advances, deposits and other receivables	2,557,011	-	2,557,011	-	-	-	-
	146,459,003	-	146,459,003	-	-	-	-
Financial liabilities measured at amortized cost							
Loan from director	-	4,039,850	4,039,850	-	-	-	-
Long term loan - PPAF	-	23,100,000	23,100,000	-	-	-	-
Subordinated Loan - PPAF	-	-	-	-	-	-	-
Accrued markup - PPAF loan	-	455,672	455,672	-	-	-	-
Accrued & other payables	-	10,208,741	10,208,741	-	-	-	-
	-	37,804,264	37,804,264	-	-	-	-

	2025						
	Carrying amount			Fair value			
	Financial Assets	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
	---------- Rupees ----------						
Financial assets measured at amortized cost							
Cash and bank balances	34,164,534	-	34,164,534	-	-	-	-
Long term security deposits	1,392,682	-	1,392,682	-	-	-	-
Loan and advances - net of provisions	111,483,312	-	111,483,312	-	-	-	-
Advances, deposits and other receivables	2,104,848	-	2,104,848	-	-	-	-
	149,145,376	-	149,145,376	-	-	-	-
Financial liabilities measured at amortized cost							
Loan from director	-	4,039,850	4,039,850	-	-	-	-
Long term loan - PPAF	-	37,733,333	37,733,333	-	-	-	-
Subordinated Loan - PPAF	-	8,989,640	8,989,640	-	-	-	-
Accrued markup - PPAF loan	-	57,714,260	57,714,260	-	-	-	-
Accrued & other payables	-	6,899,014	6,899,014	-	-	-	-
	-	115,376,097	115,376,097	-	-	-	-

l. Capital risk management

Capital requirements applicable to the company are set and regulated by Security and Exchange Commission of Pakistan (SECP). The company manages its capital requirements by accessing its capital structure against required level at reporting date. The minimum requirement of funds and reserves as per NBFC Regulations for non-deposit taking non-banking micro finance companies is PKR. 50 million (2020: 50 million). As at June 30, 2026 the company's total fund is PKR. 93.11 million (2025: PKR. 32.62 million).

12. IMPACT OF COVID-19

During FY 2019–20, the COVID-19 pandemic and subsequent lockdowns imposed by the Federal and Provincial Governments of Pakistan significantly impacted operations, resulting in a temporary halt in microcredit disbursements during the final three months of that financial year. Additionally, customers were granted repayment extensions ranging from 1 to 4 months.

Following a comprehensive review of these circumstances, a portion of the accrued markup related to the COVID-19 pandemic has been successfully recovered, while the remaining COVID-19 accrued markup balance has been written off during the period to clean the books and provide meaningful community support to borrowers unable to clear their legacy dues. Management concluded that these legacy pandemic adjustments have been properly accounted for, with no adverse changes affecting the recoverable amounts of the Company’s core assets and liabilities at the current reporting date.

13. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors and Key Managerial Personnel (KMP) of the Company are structured in compliance with the corporate governance standards prescribed by the Securities and Exchange Commission of Pakistan (SECP) for Non-Banking Microfinance Companies (NBMFCs). The composition includes:

- **Mr. Muhammad Aniq Zafar** – Chairman and Non-Executive Director
- **Mrs. Tanveer Jahan** – Non-Executive Director
- **Mr. Rizwan Hameed** – Non-Executive Director
- **Mr. Syed Ahsan Shahzad** – Independent Director
- **Mr. Zafarullah Khan** – Independent Director
- **Mr. Nadeem Sarwar** – Chief Executive Officer and Executive Director
- **Mr. Muhammad Sulaman Tariq** – Company Secretary
- **Mr. Shahzad Warraich** – Legal Advisor

During the reporting period, there were no resignations or appointments of new directors. The election of Board members and the appointment of the Chief Executive Officer are scheduled to take place in FY 2026, in strict adherence to the Company's Articles of Association and applicable SECP regulations.

14. FUTURE OUTLOOK

Strategic Focus & Sustainability: In the upcoming years, the Company's primary focus will be on achieving long-term sustainability, which hinges on expanding the microcredit portfolio through public and private investments. With the unwavering support of the Board of Directors, proactive portfolio recycling, internal systems restructuring, and adherence to industry best practices, management is fully confident in securing the Company's operational and financial stability.

Regulatory Compliance & Credit Lines: Having successfully secured PPAF approval for an endowment fund totaling PKR 92.12 million through the conversion of subordinated debt and outstanding markups, the Company's equity position now meets the NBMFC regulatory requirements for licensing under the Specialized Companies Division of the SECP. With the NBMFC license prerequisite fulfilled—subject to final statutory approvals of the annual accounts and upcoming board elections—the Company plans to unlock major wholesale funding opportunities through the Pakistan Microfinance Investment Company (PMIC) and commercial bank credit lines backed by bank guarantees.

Financial Inclusion & Digital Transformation: The Company is committed to driving an advanced financial inclusion program by deeply integrating modern technology and mobile application systems linked directly with banking channels for seamless, real-time disbursements and recovery collections. Embracing digital fintech solutions will streamline operational workflows, reduce manual intervention, and replace paper-based hurdles with streamlined digital verifications. Furthermore, credit appraisal and risk assessment functions will progressively transition toward automated and data-driven methodologies to maximize institutional transparency, efficiency, and productivity.

15. PROFIT APPROPRIATIONS

The Company was incorporated under Section 42 of the Companies Act, 2017. The management is currently engaged with the Pakistan Centre for Philanthropy (PCP) for an organizational assessment, which is a prerequisite for applying to the Federal Board of Revenue (FBR) for approval as a Not-for-Profit Organization (NPO) under Section 2(36) of the Income Tax Ordinance, 2001, through the Commissioner Inland Revenue, RTO Gujranwala.

In addition, the Company has submitted an application to the Punjab Charity Commission (PCC) for registration under the Punjab Charity Act, 2018, to strengthen its institutional standing and facilitate relationships with financial institutions and the banking sector, which require a valid PCC registration certificate.

16. ACKNOWLEDGEMENT

In the end we would like to thank and appreciate the cooperation and dedication of the company's executives and staff dedicated in the smooth management of company's affairs during this harsh year.

On behalf of the board

CHIEF EXECUTIVE OFFICER **CHAIRMAN**

Place: Gujranwala

Date: 07 October, 2026

Annexures

Disbursement

2026

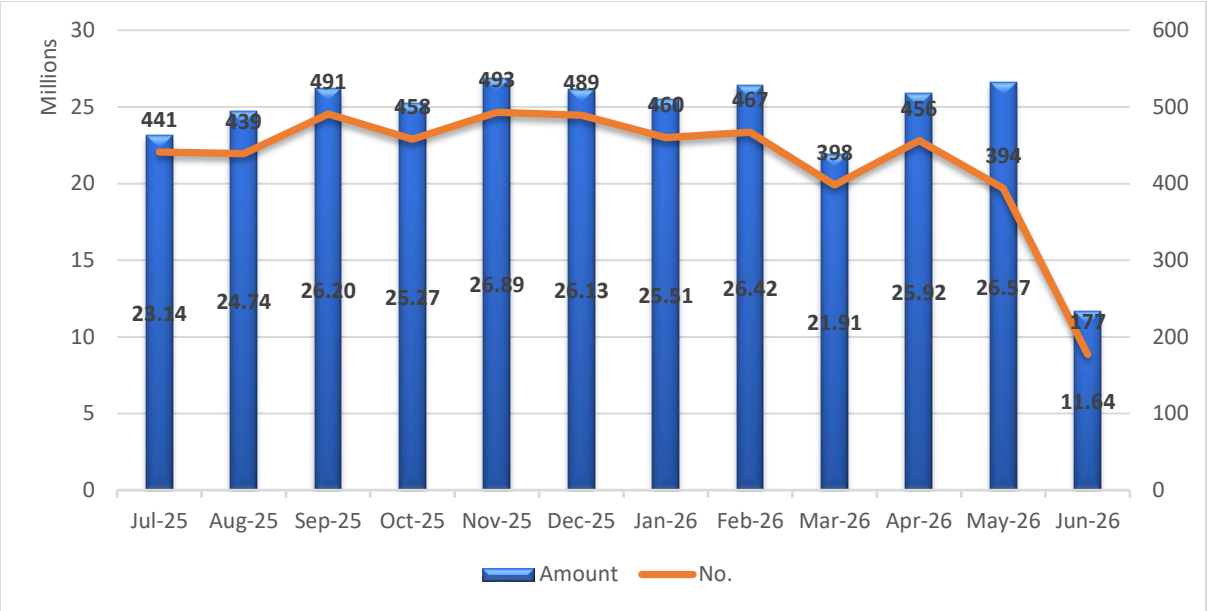

Figure 1: Month wise disbursement 2026

2025

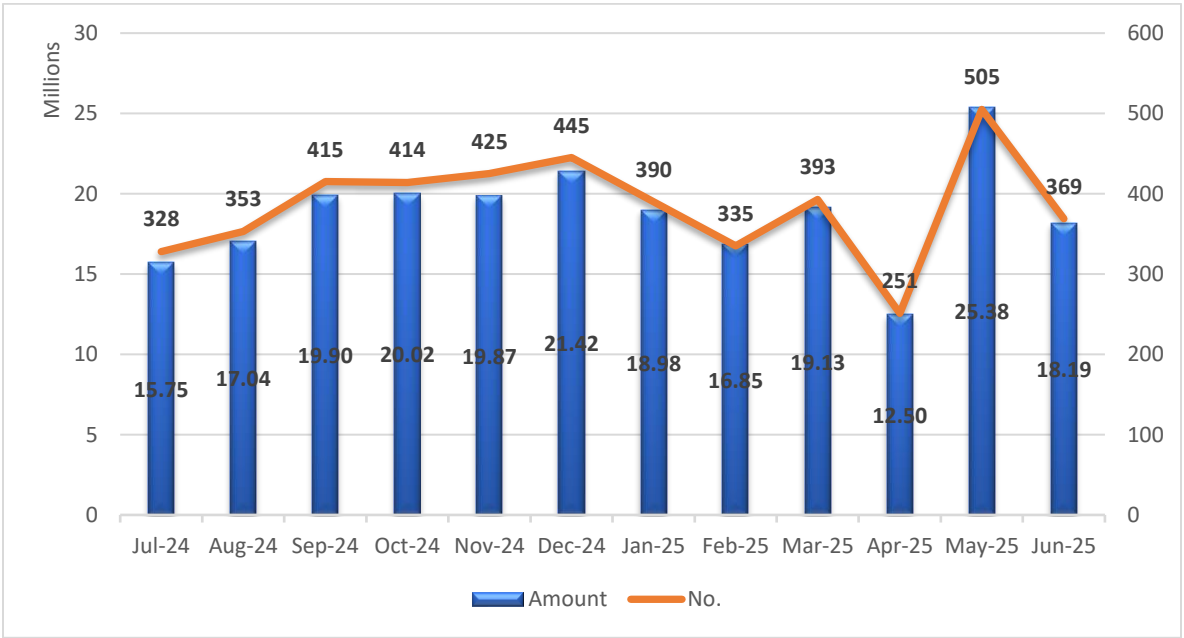

Figure 2: Month wise disbursement 2025

Recovery

2026

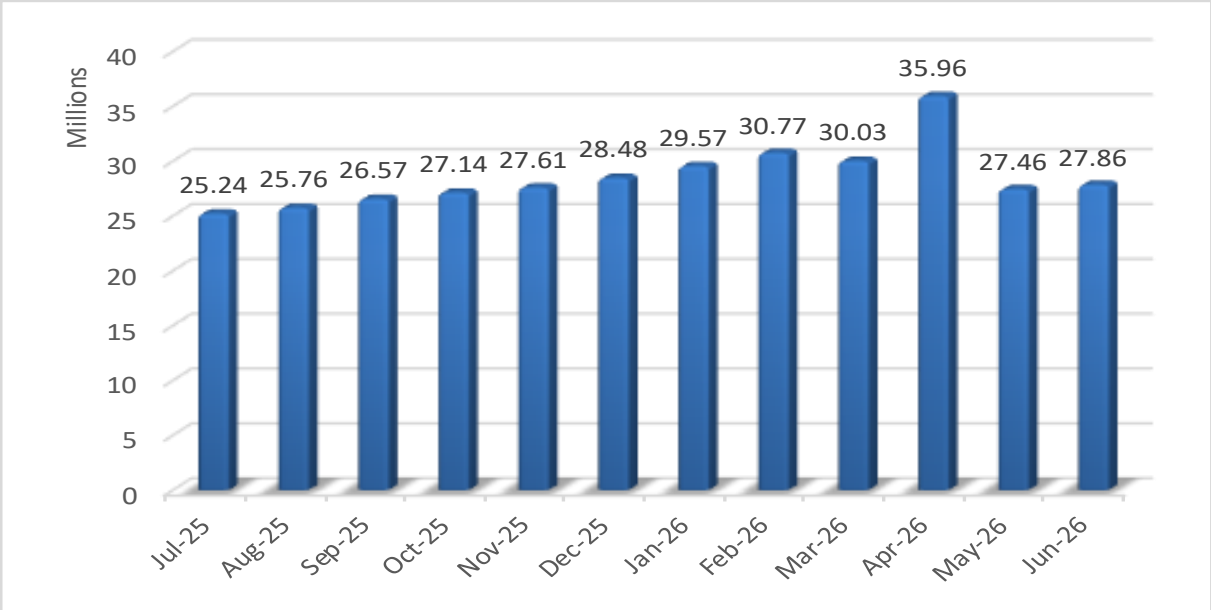

Figure 3: Month wise recovery 2026

2025

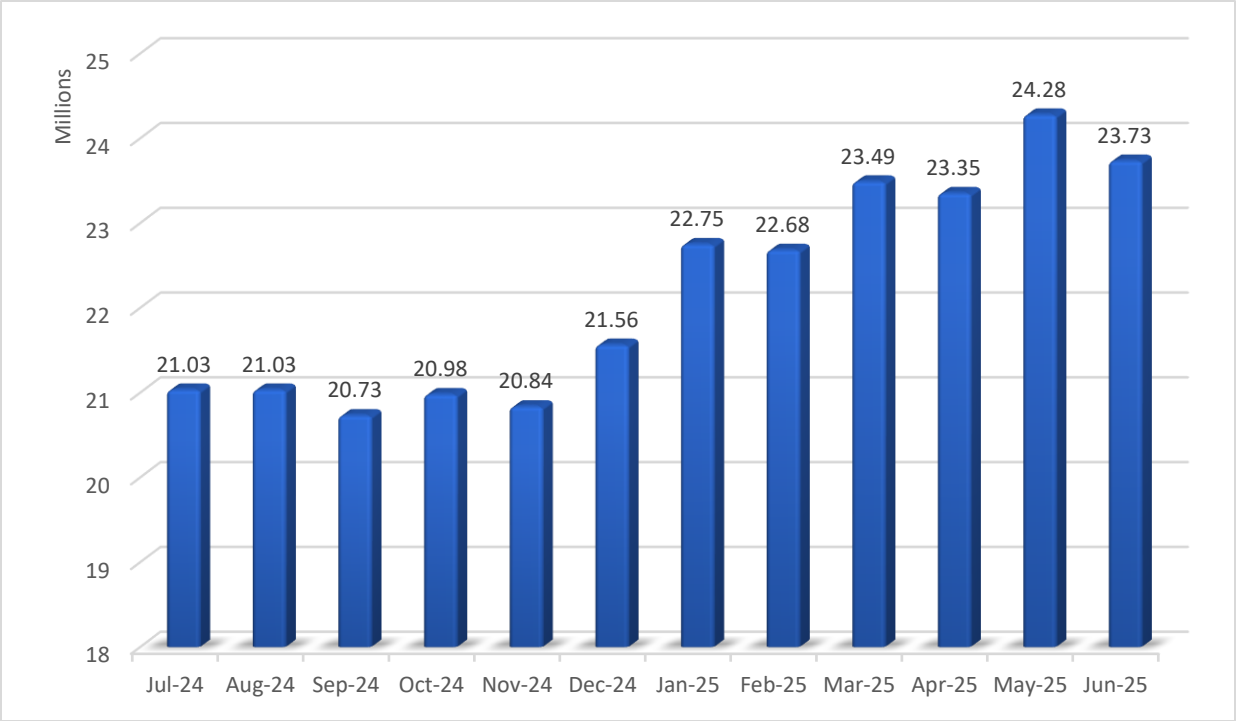

Figure 4: Month wise recovery 2025

Portfolio Loan Outstanding

2026

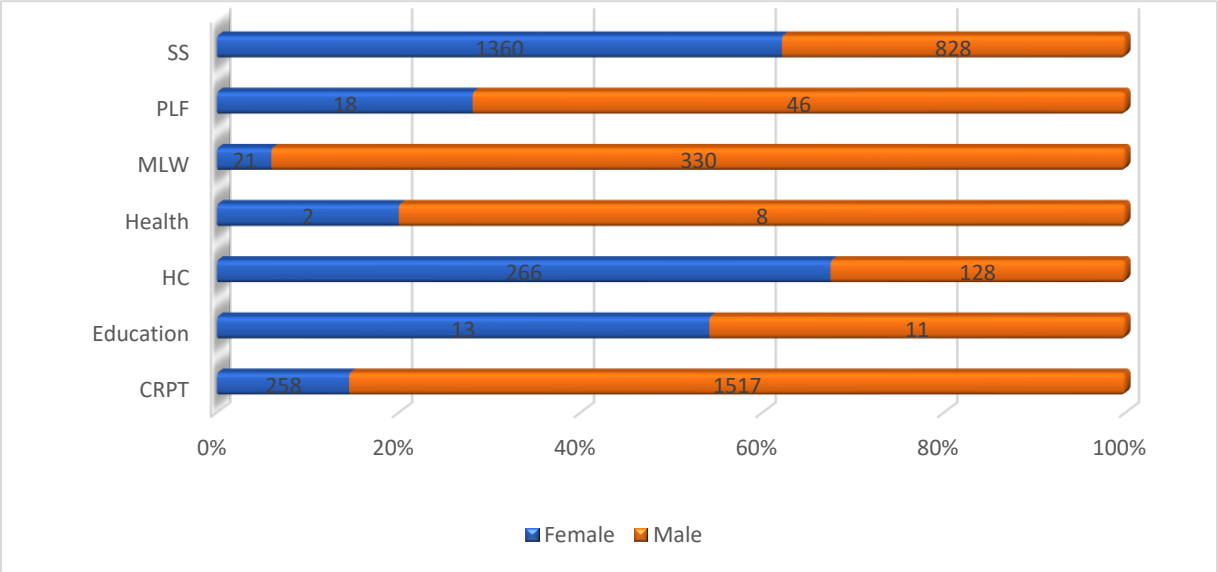

Figure 5: Sector wise and gender wise number of loan portfolio outstanding 2026

2025

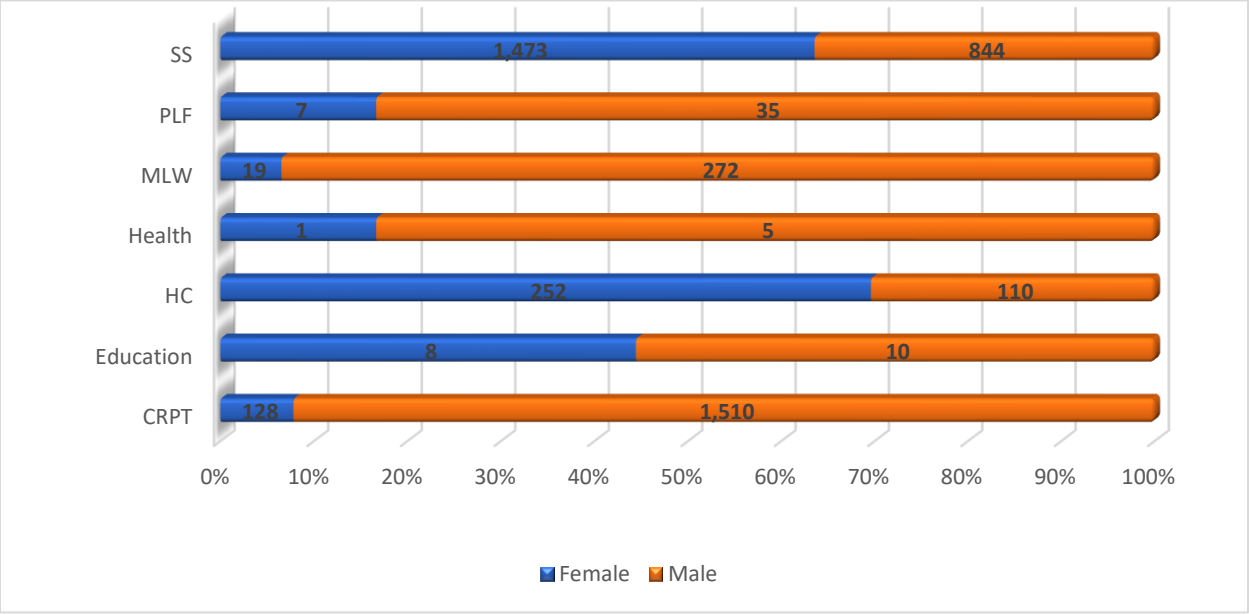

Figure 6: Sector wise and gender wise number of loan portfolio outstanding 2025

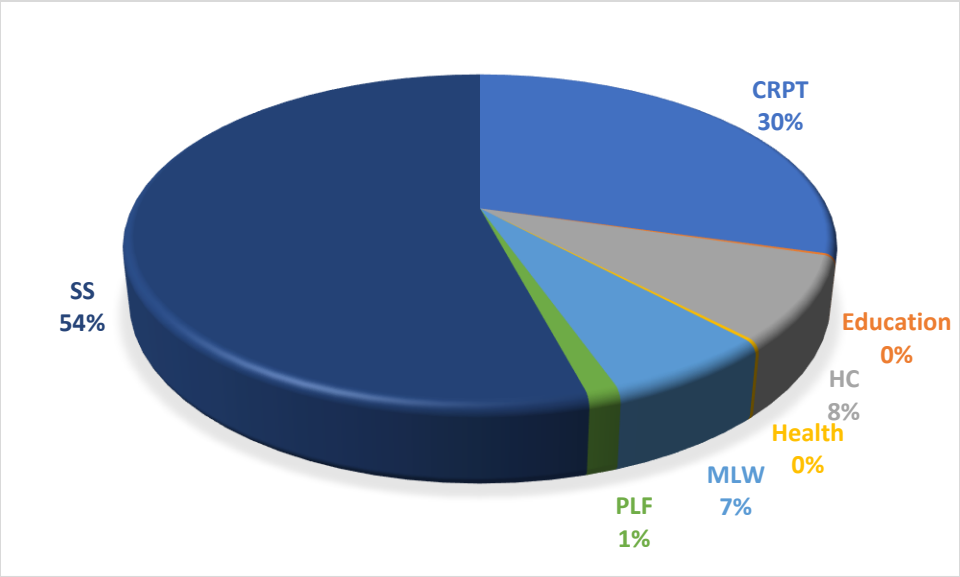

Figure 7: Sector wise amount of loan portfolio outstanding 2026

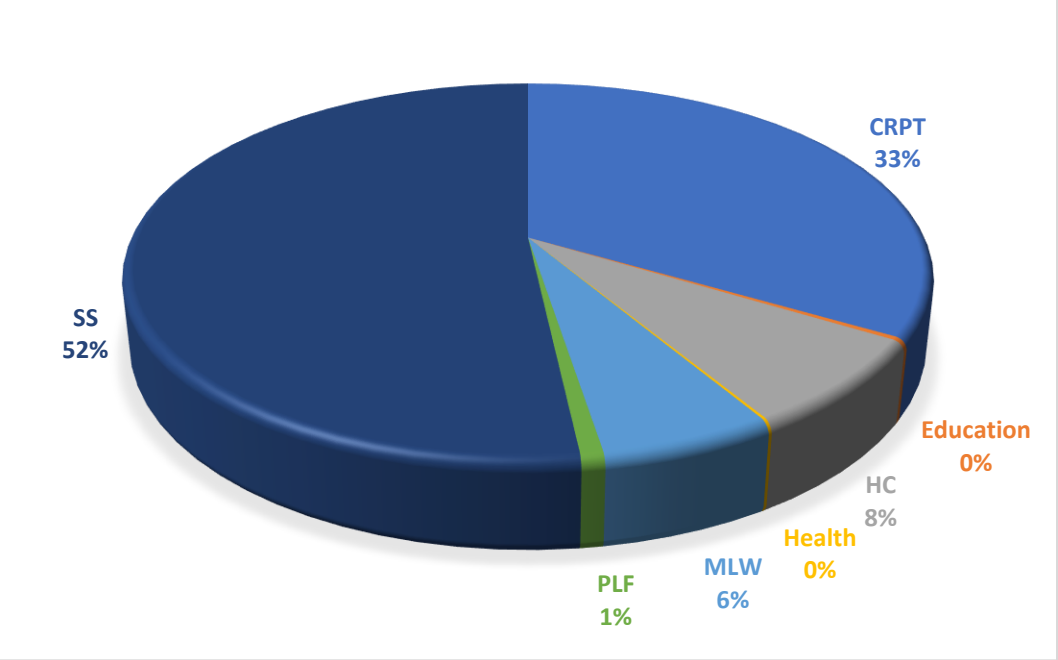

Figure 8: Sector wise amount of loan portfolio outstanding 2025