



ANNUAL REPORT 2017-18



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MISSION

“To Provide Social Services To The Marginalized Communities In Pakistan Especially Women And Youth Through Provision Of Micro-finance Facilities, Trainings, Linkages, Development And Networking For All Types Of Lawful Economic Activities”

VISION

“Social and Economic Empowerment Of Marginalized Communities Through Financial And Non-Financial Services”

MISSION

VISION

VALUES

CORE VALUES

Transparency
Impartiality
Teamwork and Mutual Respect
Inclusion
Integrity
Innovation





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www.agahepakistan.org

Objectives

-  To help the poor in order to enable them to gain access to resources for their productive self-employment, to encourage them to undertake activities of income generation and poverty alleviation
-  To provide all types of services required in organizational development, staff trainings, staff development, training needs assessment, development of training tools and methodologies thereby enhancing the capacities of staff in providing better and innovative services
-  To train women as agents of change for socio-economic development and to identify, develop and promote opportunities for facilitating employment for the poor
-  To educate, motivate and organize communities for their improved quality of life and living standards

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About Agahe Pakistan

Agahe Pakistan is a Company incorporated in January 2016 under Sec. 42 of Companies Ordinance 1984 having registration number 00097427 with an objective "To provide social services to marginalized communities in Pakistan especially women & youth through provision of microfinance facilities, trainings, linkages development and networking for all types of lawful economic activities". Later on in December 2016, Agahe Pakistan received the license to carry out investment finance services as a Non-Banking Finance Company. Agahe Pakistan transformed from Association for Gender Awareness & Human Empowerment (AGAHE) to comply with the regulatory requirement. The introduction of NBFC rules in 2016 makes it compulsory for all microfinance institutions to get NBMFI license from Securities & Exchange Commission of Pakistan. Agahe Pakistan was primarily formed and incorporated to take over the microfinance operations of Association for Gender Awareness & Human Empowerment (AGAHE) and accordingly in October 2016 Agahe Pakistan had taken control of microfinance operations, assets, liabilities, staff & equity related to microfinance program of Association for Gender Awareness & Human Empowerment (AGAHE).

Agahe Pakistan is actively engaged in providing microfinance services to the marginalized communities for their income generation activities, enhancing their livelihood, creating impact at grass root level and bringing these communities into the financial mainstream. Agahe Pakistan believes that access to financial resources is a key challenge for marginalized communities to enhance their income level and poverty reduction. Agahe Pakistan is taking due care of this challenge and has a comprehensive financial services program. The financial services program of Agahe Pakistan consists of interest free and conventional products including General Loan, Agriculture Loan, Livestock Loan, Solar Home Solutions Loan and Micro Enterprise Loans. Besides providing financial services, Agahe Pakistan is also providing Non-Financial Services for the well-being of its borrowers. The non-financial services includes borrower's life insurance, health insurance, enterprise development trainings, backward and forward linkages, poverty graduation and alternate delivery channels.

Corporate Information

Board of Directors

Ms. Sabahat Batool	Chairperson
Mr. Ali Raza Qamar	Director
Ms. Bushra Rehman	Director
Mr. Muhammad Yaqoob	Director
Dr. Suhail Saleem	Director
Ms. Burara Qasim	Director
Mr. Barak Ullah	CEO

Audit Committee

Ms. Burara Qasim	Chairperson
Ms. Sabahat Batool	Member
Mr. Ali Raza Qamar	Member
Mr. Ehsan Nazir	Secretary

HR Committee

Mr. Sohail Saleem	Chairperson
Ms. Bushra Rehman	Member
Mr. Mohammad Yaqoob	Member
Mr. Mubeen Shehzad	Secretary

Company Secretary

Ms. Syeda Anum Fatima

Legal Advisors

Humayoun's

Tax Advisors

Mohsin & Co Chartered Accountants

Auditors

Grant Thornton
Anjum Rehman



Chairperson's Message

Dear Friends

Seeing an organization in an infancy stage yet achieving the heights of progress as Agahe Pakistan is something we wished for at the incorporation of organization. We celebrated one such success this year at Agahe Pakistan's PCP certification followed by Tax exemption from FBR. Agahe Pakistan in no time has vitalized its microfinance program integrating technology and adding the fuel through branchless banking, initiating solar home services and other initiatives which other organizations struggle for a long time to achieve. Agahe's Pakistan's Graduation Model is an initiative which will change meaning of microfinance in real terms of poverty to prosperity.

It is a great honor for Agahe Pakistan that the organization is widely recognized for its strong commitment to ensuring quality & accountability through a robust Grievance Redressal Mechanism. Remembering of the success this year, it is inordinate that three clients of Agahe Pakistan have been awarded with CMA awards for their micro initiative for economic uplift.

As the organization closes its year, it is an immense pleasure for me to state that we are at the point where the route to success and achievements strategizes future scope. In merely a year Agahe Pakistan has celebrated 322M OLP disbursing the loans to 19,499 individuals with 100% recovery rate, 92% of which are women in abject poverty usually considered to have no say in decision making. Agahe Pakistan's contribution to their lives is not only through economic initiatives but also positive influence in decision making the result of which we have seen in last two years whereby our female clients have been awarded for their courage and commitment to sustain their livelihoods and decision-making power.

Regulations from SECP, commitments with our funding agencies PMIC, PPAF and other sector partners are an integral to our development and growth in future. I see a future where Agahe Pakistan has a wider array of new partnerships across country and has a larger client base bringing urban amalgamation through the mix of new technologies. I would like to extend Agahe Pakistan's gratitude to all the supporters, donors, staff and friends without whom support the outcomes and performance would have never been possible. I would especially extend my thanks to Security & Exchange Commission of Pakistan, Pakistan Microfinance Investment Company (Ltd.), Pakistan Poverty Alleviation Fund, ORIX leasing, Commercial banks of ours for providing Agahe Pakistan to on-lending funds. We are thankful to UBL Omni, Telenor Easy-paisa, Green-Light Planet and Allied Solar for their trust in Agahe Pakistan's commitments to a society where the poor have equal chances to avail financial help to elevate their economic status.

Sabahat Batool



CEO's Message

Dear Friends & Stakeholders,

It gives me immense pleasure and pride to share the 2nd Annual Report of Agahe Pakistan for the period ended June 30, 2018. The year 2017-18 remained momentous in terms of organizational growth, increased outreach, diversifying funding sources, product diversification, creating more impact on society and environment as well as more incline towards regulatory compliance. During the year Agahe Pakistan had numerous achievements that have raised the stature of the organization. The significant achievements during the year are social audit of Agahe Pakistan, PCP certification, tax exemption of Agahe Pakistan, CMA awards to 3 borrowers, establishment of area offices, renewable energy product development Roshan Gharana – Roshan Pakistan, MIS/FIS Up gradation, disbursements through OTC, agreements with UBL Omni, Telenor Easy Paisa, MOU's with Solar Vendors, Achievement of 300 M OLP in Conventional Microfinance and most importantly recognition of Agahe Pakistan Employees Provident Fund Trust.

Despite the fact that funding constraints in terms of demand and supply of credit remained throughout the year, the organization still gained significant growth this year. The total assets of the company increased by 48 % at year-end as compared to the corresponding period last year. During the year Agahe Pakistan expanded its commercial micro finance operations by opening 5 new branches in District Vehari, Khanewal and Rajanpur and total branches stood at 15 as of June 30, 2018. From these five branches, three branches were opened in District Vehari (Burewala, Mailsi & Tiba Sultan Pur) one branch in Jampur District Rajanpur and one in Mian Channu District Khanewal. During the year Agahe Pakistan served 21,345 households by providing interest free / with interest loans amounting Rs 672.800 M to enhance their livelihood and bring them into the financial mainstream. The quantum of loans disbursed since inception stood at 1756.386 M to 70,374 households. The growth in outstanding loan portfolio was recorded at 48 % and stands at 365.008 M with 19, 504 active borrowers. The portfolio quality as usual remained very good having zero portfolio at risk. I am very thankful to Almighty Allah and my entire team with whom such achievements were possible. Agahe Pakistan is taking care of social aspects and putting its client at the center of operations. Besides providing loans to beneficiaries Agahe Pakistan is making an attempt to change the lives of financially excluded people through capacity building initiatives, linkages developments and providing them alternate delivery channels.

The management had extensive engagements with multiple impact investors and commercial banks to gain multiple funding avenues and to bridge the gap between demand and supply of credit. I am quite hopeful that these efforts will bear results in a shorter period of time to come. The journey towards achievement of Aghae Pakistan's mission will continue by providing social services to marginalized communities through provision of microfinance, trainings, linkages development & networking for all types of lawful economic activities in the years to come. May Allah grant us success!

Thank you,
Barak Ullah

Director's Report



Director's Report For the year ended June 30, 2018

Board of Director's

Ms. Sabahat Batool - Chairperson

Ms. Burara Qasim - Director

Mr. Muhammad Akram - Director

Mr. Tasadduq Rasul - Director

Mr. Qazi Shoaib Alam Farooqi - Director

The Directors of your Company are pleased to place before you the Company's Annual Report on the results of its operations along with the Audited Financial Statements for the year ended June 30, 2018.

Financial Overview

By the grace of Almighty Allah, financial year 2017-18 was another successful year for the Company with Outstanding Loan Portfolio reaching at Rs. 365.00 million (2017: Rs. 247.49 million) registering a growth of 47.50%. Disbursement for the year reaching at Rs.672.86 million (2017: Rs.428.82 million) registering a growth of 56.91% as compared to last year. There is 70% growth in income from commercial microfinance program in the current year and 11% growth in net surplus as compared to last financial year. The Operating Self Sufficiency of the company is 113.08% (2017: 125.59%), the decrease is due to opening of new branches which were under operating.

We are also pleased to inform that during the year under review, the company inaugurated 5 new branches and 2 area offices. This year company focused on expansion, increased its branches from 10 to 15. The company's active borrowers increased to 21,348 from 15,312. During the current year, the company focuses on diversification of products and introduced new products e.g. Solar Home Solution's products and discover alternative banking channels and introduce online bank transfer of disbursements and payrolls. During the year under review, the company filled some key positions at area office level e.g. area compliance officer to strengthen operational efficiency and effectiveness.

Financial Results

The financial results of the Company for the year under review and of the previous year are as follows:

AGAHE Pakistan (A Company Setup Under Section 42 of repealed Companies Ordinance, 1984)

Statement of Financial Position

As at June 30, 2018

	2018 (Rupees)	2017 (Rupees)
ASSETS		
Non-current assets		
Property and equipment	19,496,487	5,403,051
Intangible assets	416,813	6,250
	19,913,300	5,409,301
Current assets		
Micro-credit loan portfolio	365,008,892	247,486,698
Mark up accrued on loan portfolio	2,808,889	1,785,356
Advances, prepayments and other receivables	16,234,947	14,107,905
Short term investments	25,000,000	33,300,000
Cash and bank balances	30,303,824	8,675,992
	439,356,552	305,355,951
	459,269,852	310,765,252
EQUITY AND LIABILITIES		
Equity		
Endowment fund	12,000,000	12,000,000
General fund	61,919,893	52,569,545
	73,919,893	64,569,545
Non-current liabilities		
Subordinated loan	8,000,000	8,000,000
Long term loan from PPAF - PMIFL	-	59,924,394
Long term loan from PMIC	55,500,000	35,000,000
	63,500,000	102,924,394
Current liabilities		
Current portion of loan from PMIC	194,500,000	15,000,000
Current portion of loan from PPAF - PMIFL	64,059,526	-
Current portion of loan from PPAF	22,000,000	81,833,333
Short term borrowings	28,797,110	38,471,256
Mark-up payable on loans	5,791,824	3,455,016
Other payables	6,701,499	4,511,708
	321,849,959	143,271,313
Contingencies and commitments		
	-	-
	459,269,852	310,765,252

AGAHE Pakistan (A Company Setup Under Section 42 of repealed Companies Ordinance, 1984)

Statement of Income and Expenditure
For the year ended June 30, 2018

	2018 (Rupees)	2017 (Rupees)
Income from Microfinance Program		
Mark-up income on micro-credit loan portfolio	81,271,878	38,927,974
Loan processing fee	16,113,845	7,287,675
Return on deposits	2,604,764	1,527,102
Other income	1,771,503	54,785
	<u>101,761,990</u>	<u>47,797,536</u>
Direct cost - program cost	(50,610,853)	(23,401,710)
Finance cost	(21,893,471)	(6,716,569)
Provision for doubtful debts	(5,928,230)	(3,695,140)
Administrative expenses	(8,858,357)	(3,490,870)
Other expenses	(1,134,677)	-
	<u>(88,425,588)</u>	<u>(37,304,289)</u>
	<u>13,336,402</u>	<u>10,493,247</u>
Income from PMIFL scheme		
Income from PMIFL scheme	7,490,750	18,765,191
Program cost - PMIFL scheme	(7,241,962)	(6,117,769)
Finance cost	(4,135,132)	(3,101,349)
Provision for doubtful debts	(99,710)	(98,844)
	<u>(11,476,804)</u>	<u>(9,317,962)</u>
	<u>(3,986,054)</u>	<u>9,447,229</u>
Surplus before taxation	<u>9,350,348</u>	<u>19,940,476</u>
Taxation	-	-
Surplus after taxation	<u>9,350,348</u>	<u>19,940,476</u>

AGAHE Pakistan (A Company Setup Under Section 42 of repealed Companies Ordinance, 1984)

Statement of Cashflows
For the year ended June 30, 2018

	2018 (Rupees)	2017 (Rupees)
Cash flows from operating activities		
Surplus before tax for the year	9,350,348	19,940,476
Adjustments for non cash items:		
Depreciation	1,701,719	1,078,791
Amortization	27,557	11,250
Financial charges	26,028,603	3,101,349
Provision for doubtful debts	6,027,940	3,694,931
	<u>33,785,819</u>	<u>7,886,321</u>
Surplus before working capital changes	<u>43,136,167</u>	<u>27,826,797</u>
Effect on cashflow due to working capital changes		
(Increase) in micro-credit loan portfolio	(123,550,135)	(247,486,698)
(Increase) in mark up accrued on micro-credit loan portfolio	(1,023,533)	(1,785,356)
(Increase) in advances, prepayments and other receivables	(2,127,042)	(13,507,905)
(Increase) in trade and other payables	2,189,791	4,481,708
Increase / (decrease) in short term borrowings	(9,674,146)	38,471,256
Increase in markup accrued on loans	-	9,764,606
	<u>(134,185,065)</u>	<u>(210,062,389)</u>
Cash (used in) operating activities	<u>(91,048,898)</u>	<u>(182,235,592)</u>
Finance cost paid	(19,556,663)	(6,546,511)
Net cash (used in) operating activities	<u>(110,605,561)</u>	<u>(188,782,103)</u>
Cash flows from investing activities		
Purchase of intangibles and property and equipments	(16,247,514)	(5,409,301)
Sale proceed from disposal of property and equipments	14,240	-
Increase / (decrease) in short term investments	8,300,000	(33,300,000)
Net cash (outflows) from investing activities	<u>(7,933,274)</u>	<u>(38,709,301)</u>
Cash flows from financing activities		
Proceeds received against financing	200,000,000	199,757,727
Repayment of financing	(59,833,333)	-
Funds received from AGAHE	-	36,409,669
Net cash inflows from financing activities	<u>140,166,667</u>	<u>236,167,396</u>
Net increase in cash and cash equivalents	<u>21,627,832</u>	<u>8,675,992</u>
Cash and cash equivalents at the beginning of the year	8,675,992	-
Cash and cash equivalents at the end of the year	<u>30,303,824</u>	<u>8,675,992</u>

AGAHE Pakistan (A Company Setup Under Section 42 of repealed Companies Ordinance, 1984)

Statement of Changes in Equity

For the year ended June 30, 2018

	Endowment fund	General fund	Total
	(Rupees)		
Balance as at July 01, 2016	-	570,000	570,000
Endowment fund received during the year	25,800,000	18,259,069	44,059,069
Transferred from endowment fund	(13,800,000)	13,800,000	-
Surplus for the year	-	19,940,476	19,940,476
Balance as at June 30, 2017	12,000,000	52,569,545	64,569,545
Balance as at July 01, 2017	12,000,000	52,569,545	64,569,545
Surplus for the year	-	9,350,348	9,350,348
Balance as at June 30, 2018	12,000,000	61,919,893	73,919,893

Corporate and Financial Reporting Framework

The company is in compliance with the requirements of the Corporate and Financial Reporting Framework as enumerated in the Companies Act, 2017. We also confirm that:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There is no likelihood of any delayed payments or default in respect of all loans availed by the Company.
- There is no material risks and uncertainties specific to our Company except political and economic risks.
- There is no material impact of our business on the environment.

- There have been no material changes since June 30, 2018 to the date of this report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

Appointment of Auditors

The present auditors, M/s Grant Thornton Anjum Rahman will retire at the conclusion of the upcoming Annual General Meeting and being eligible, offer themselves for reappointment. The Board has approved and recommended their re-appointment to the members as auditors of the Company for the year ended 2018-19.

Taxation

During the year under review, company has obtained tax exemptions of Section 2(36) and Section 151 of income tax ordinance, 2001 and got recognized provident fund from commissioner of income tax.

Future Outlook

The Company foresee an expanding market and is on path of growth. To cater to this growth, outreaches are being expanded. The Company is also considering expanding its geographical foot print further to capitalize on the opportunities being presented by the market growth. Expansion in the number of clients is critical in achieving the status of leading microfinance institution in Pakistan. The expectation by Agahe Pakistan management, projects the achievement of a customer base of 33,894 clients by June 2020. The company is in advance stage of exploring funding from international sources and diversified sources such as commercial banks to achieve planned growth in next financial year. The company will concentrate to improve productivity of under-operating branches and operational inefficiencies through cost effective measures. Devaluation of Rupee and increase in cost funds is likely to impact the margins of the company in the coming financial year.

Acknowledgement

We are pleased to acknowledge that the relation with employees remained congenial throughout the year. The management recognizes and records its sincere appreciation to all employees for their continued dedication, commitment and hard work without which this performance could not have been possible. We would also like to appreciate our valuable customers for their continued support and reliance on our products as well as quality. The support extended by financial institutions gave us great comfort, and we extend our gratitude to them.



Chief Executive Officer



Director

Board of Directors



Ms. Sabahat Batool
Chairperson
Chartered Accountant - 7 years

Ms. Batool comes with the Technical skill-set of Chartered Accountant. Her diverse experience with companies like Pyramin Gas (Pvt.) and Deloitte Pakistan in matters relating to banking and finance, auditing, business development & international relations as well as risk management benefits Agahe Pakistan through her insights on decision making and guidance to expand its fields with minimum risks identifying progress avenues.



Ms. Bushra Rehman,
Director,
Academia, 28 years

Ms Bushra Rehman Holds a degree of Master in Social Work, an associate professor in the University of Punjab Lahore having wide experience of teaching with an excel understanding about the social work and the social development. She has been engaged with social sector and also has a rights-based approach to community development. Significant areas of expertise are strategic and operational planning; development and management, learning and planning systems; programs, projects designs and management; capacity development of staff and organizations.



Mr. Sohail Saleem
Director
Doctor of Veterinary
Dairy Expert - 26 Years

Dr. Suhail owns more than 20 years' experience in Dairy Sector after receiving a degree of Doctor of Veterinary Medicine in 1991. From being a Social Organizer to Deputy Regional General Manager his inputs on input in the dairy sector for development and economically viable plans along with capacity building initiatives related to best farm practices for the poor farming community and Commercial Livestock farm have no match thus by giving Agahe Pakistan a great opportunity to work through his guidelines and strategic vision for its Livestock program and rural development.



Mr. Barak Ullah,
CEO, Banker, 12 years

Mr. Barak Ullah holds Master Degree in Business Administration with specialization in Finance from University of Agriculture, Faisalabad. He plans, implements & manages the overall operations of Micro Finance Program with team efforts. Mr. Barak Ullah has more than 6 years of experience in Banking Sector (Askari Bank Limited), during his service in Askari Bank he worked & supervised various departments of Branch Banking Operations as well as in Foreign Trade and Credits. During his professional career, he had attended numerous national & international trainings, workshops & seminars in fields of Branch Banking Operations, SBP Prudential Regulations, Money Laundering, soft skills, Negotiation, Corporate Governance, Strategic Planning, Business Development, Social Performance, Financial Inclusion, and Branchless Banking. He has also qualified NPO Management Course from Institute of Business Management Karachi. He has overall 12 years diversified working experience of social as well as banking sector.



Mr. M.Yaqoob
Director
M.A Social Work, MBA (Finance)
Education / Audit - 22 Years

Mr. Yaqoob's is a distinguished professional and Educationists with profound interest and understanding in social development and financing for rural development. Agahe Pakistan's largest client base is rural population and he holds keen interest in decisions pertaining to their well-being through diversified income generating activities incentivizing microfinance and ensuring their well-being.



Ms. Burara Qasim
Director
Msc Economics, Banker - 12 Years

Ms. Qasim's rich experience in Corporate Banking in general management, corporate planning, and compliance enriched the policies and Standard Operating procedures of Agahe Pakistan. With her sound skill-set on Credit administration and guidance around it, she is a great asset in the governing body of Agahe Pakistan.



Mr. Ali Raza Qamar
Director
MBA, Banker, 12 Years

Mr. Qamar is a seasoned banker with ten years of industry related experience across various facets of operations and general banking functions. His endorsements and skill-set will surely add value to the bottom line of Agahe Pakistan.

Our Management



Mr. Mubeen Shahzad
GM Human Resource
MBA
10 - Years



Mr. Sajid Ali
GM Finance & Accounts
MBA
10- Years



Mr. Faisal Ayaz
Manager Institutional Development
MBA
18 - Years



Mr. Imran Akbar
Operations Manager
MBA
09 - Years



Mr. Faisal Imtiaz
Asst. Manager Risk
B.com
08 - Years



Mr. Ihsan Nazir
Internal Audit Manager
C.A Finalist
05 - Years

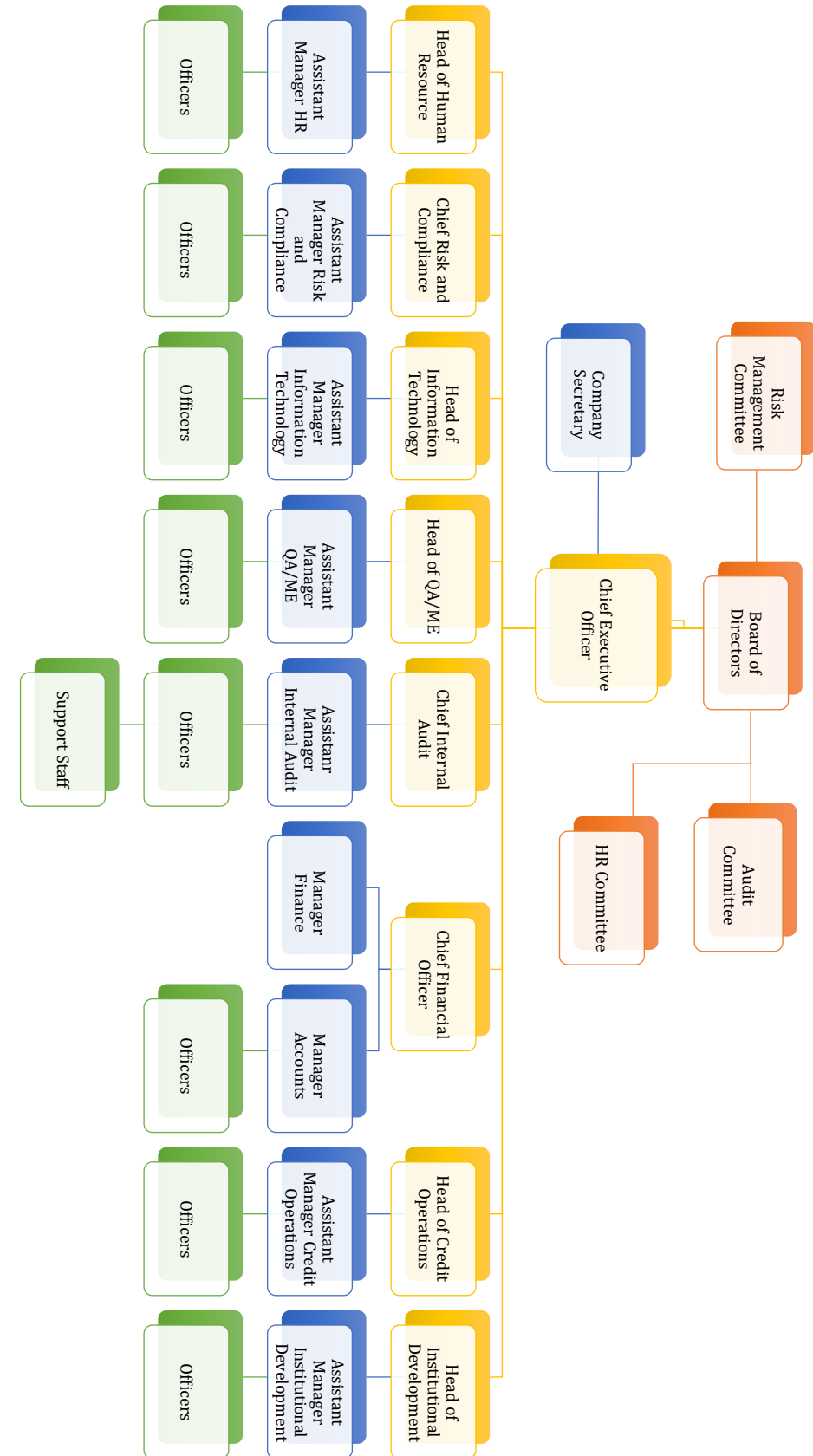


Syeda Anum Fatima
Company Secretary
Masters Social Work
07- Years



Mr. Muhammad Khalid
Finance Manager
ACA
06 - Years

Organogram



Organizational Structure

Agathe Pakistan Departments

Operations Department



Microfinance operations is the backbone of Agahe Pakistan, spread across four districts of Punjab namely Khanewal, Vehari, Rajanpur and Muzaffargarh. With a network of 15 branches, the department has proudly served 19,500 active clients as of June 30th 2018. With a wide range of customer-centric products and services, the program is all set to achieve new heights in the days to come. The last year saw the opening of five new branches to expand our operations into Mailsi, Tibba

Sultanpur, Jampur, Mian Channu and Kot Addu. The operations are more inclined towards the rural sector with 72% coverage, while the growth in disbursed amount and OLP stood at 107% and 98% respectively during the year. Almost 68% of the portfolio is exposed towards clients engaged in Livestock and general commerce activities. The high retention rate of 77% is indicative of our borrower's satisfaction levels as they continue to remain with Agahe Pakistan.

Information Technology



2017-2018 was a year of change for Agahe Pakistan with the complete overhaul of its IT software to incorporate greater security and data protection mechanisms, creation of redundant systems, replacing old hardware, up-

gradation of MIS/FIS, and alignment with ABL CMS, Telenor Easy Paisa, and UBL Omni to facilitate disbursements and recoveries through branchless banking channels.

Risk Management Framework



Risk is an integral part of financial services. Therefore, it is vital for any financial institution, including microfinance institutions (MFIs) to have effective risk management in place to identify positive opportunities as well as to avoid negative threats. In order to adopt best industry practices and a more

focused approach, Agahe Pakistan has established a Risk Management unit that oversees Credit, Operational and Market risks. The framework is comprehensive enough to capture all risks and has flexibility to accommodate any change in business activities.

Compliance Framework



Agahe Pakistan employs a very stringent Compliance Framework that ensures absolute quality of portfolio with zero tolerance for deviations. This is the reason behind Agahe Pakistan maintaining a 100% recovery rate since inception. With an independent Compliance Department, the key function is to

ensure effective compliance related to lending policies and procedures, relevant provisions of existing laws, monitoring the client's business activities, ensuring that branches operate within defined parameters, and to take corrective action where necessary.

Human Resource Development



The Human Resource function focuses on introducing new initiatives in order to boost employee morale and to improve the working environment of Agahe Pakistan. Agahe Pakistan's commitment to Human Resource is reflected through the initiatives taken during the year. This comprised of installing a state of the art HRIS system to ensure systematic and timely payroll processing, carrying out staff

satisfaction surveys, various capacity building trainings, leave encashment entitlement, registration of employees provident fund trust as a separate entity, alignment of staff incentives and salaries as per industry standards, coordinating various recreational activities to break the ice between different cadres of management, as well as staff appraisals and promotions,

Finance Department



The finance department is responsible for management of the organization's cash flow and ensuring there are enough funds available to meet the day-to-day payments. This area also encompasses the credit and collections policies for the

company's customers, to ensure the organization is paid on time, and that there is a payment policy for the company's suppliers. It continuously works on forecasting to systematically calculate the ongoing cash needs.

Audit Department



The role of internal audit is to provide independent assurance that an organization's risk management, governance, and internal control processes are operating effectively. With a dedicated team, the internal audit department conducts regular field monitoring activities as well as

audit of operational units across the organization, departments, and submits its findings independently to the board members, while suggesting methodologies to improve organization's internal controls and procedures.

Microfinance Plus Initiatives



To actively explore and participate in sector development interventions, a new department was established at the beginning of the year. Agahe Pakistan has undertaken three projects in collaboration with PMIC namely, Graduation Model, Solar Home Solutions, and Digital Finance Model. The department is geared

towards strengthening the core program through various projects and interventions, value additions, product development and research, micro health insurance, market surveys for program expansion, and a plethora of field based activities.

Alliances & Partnerships

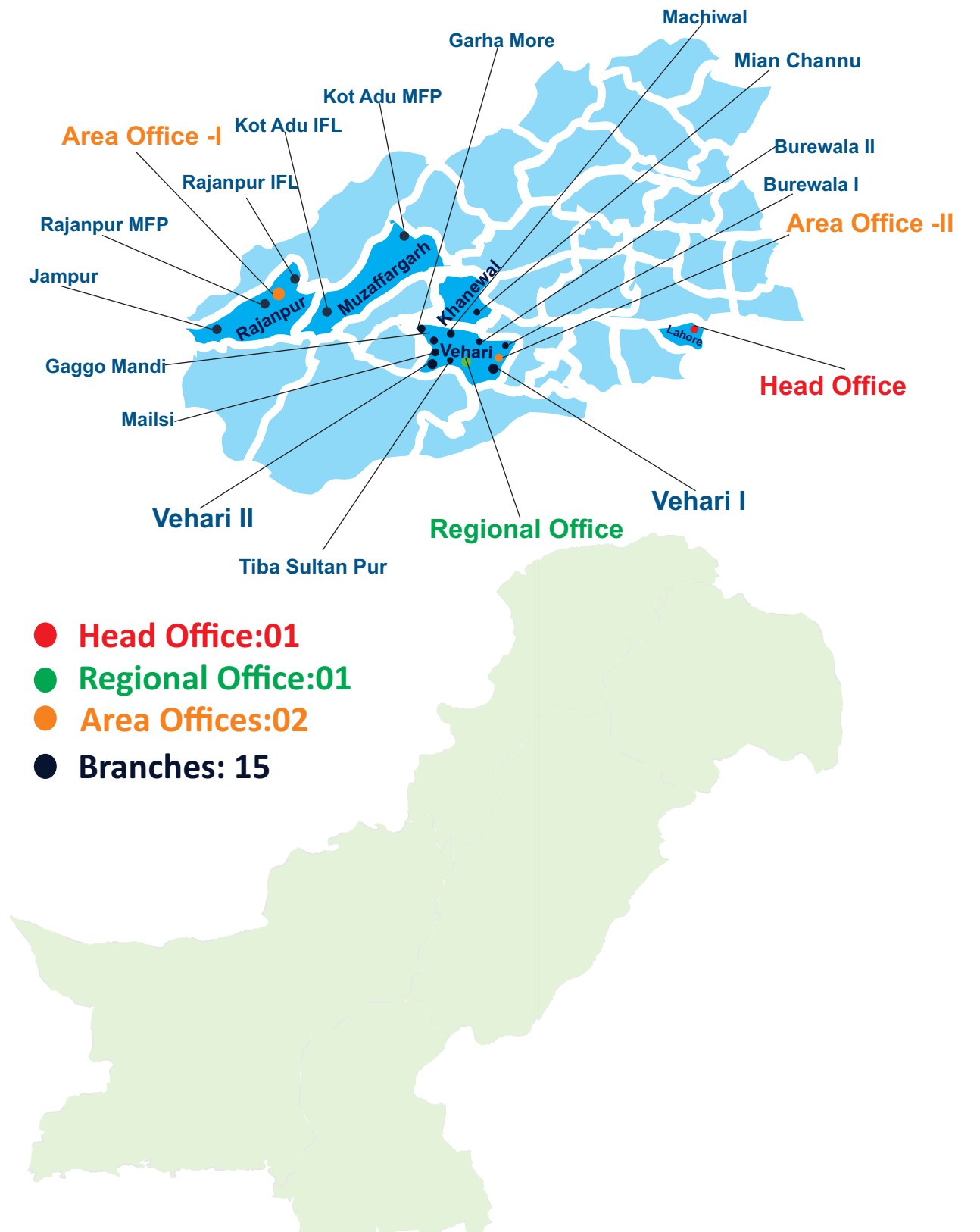


Accreditations



PCP Certification
FBR Tax Exemptions
Seal of Pricing Transparency by MFT
Social Audit

Geographical Outreach



Agahe Pakistan Products and Services

Financial Products



General Loan



Agriculture Loan



Livestock Loan



Micro Enterprise
Loan

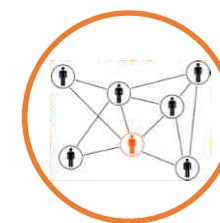


SHS Loan



Interest Free
Loan

Non-Financial Services



Market Linkages



Graduation Model



Renewable Energy



Digital Finance



Development Trainings



Financial Literacy

The microfinance sector is considered a tool for poverty alleviation as well as empowerment of women. It has long been recognized by poverty alleviation experts that pursuing plans for increasing financial inclusion, such as encouraging microfinance, are absolutely essential to millions out of poverty in Pakistan, where over half the workforce consists of the underprivileged and the self-employed. Over the years, AGAHE Pakistan Microfinance Program has grown in importance as it has helped several under privilege individuals receive financial services for their entrepreneurial endeavors. Facilities provided by AGAHE Pakistan have proved highly successful for many individuals whose lives have transformed for the better.

Loan Cycle



Financial Products

General Loan: Credit Enterprise Development:

For those unable to access categorized loans to start small businesses of their own with no land, livestock etc., this product is an entry point with easier access and minimum risk. It gives an opportunity to pull the client and its family out of poverty with better repayment rates and gradually enhancing the life-style. Sustainability of the client in the businesses developed through this loan, less drop out and better recovery tie trust knots of the clients in this product. 68.86% of Agahe Pakistan total Outstanding Loan Portfolio comes from general loan. General loan is given to individuals/groups of 3-15 members, from Rs.15,000 to Rs.45,000 per member, with a maximum repayment tenor of 12 months with monthly recovery, and age ranging from 18-60 years. This is offered with mandatory life insurance cover.

Agriculture Loan:

Small holder farmers with total dependency of livelihoods are the direct target for this product. The loan strengthens the economic base of these farmers being cost-effective. Capacity assessment and market-linkages development under this loan help farmers come out of the poverty cycle. Agriculture loans are

extended to purchase agricultural inputs i.e. seeds, fertilizer, pesticides, herbicides etc. Agriculture loan is given to individuals/groups of 5-10 members, from Rs.15,000 to Rs.75,000 per member, or Rs. 15,000 per acre, with repayment tenor ranging from 4-6 months with bullet recovery, and age ranging from 18-60 years. This is offered with mandatory life insurance cover.

Livestock Loan:

To decrease agricultural dependency, this product helps small farmers improving livelihoods through provision of livestock, replacement of existing with improved breed and milking animals. This is offered to individuals/groups of 5-7 members, from Rs.20,000 to Rs.60,000 per member, with repayment over a period of 12 months with monthly recovery, and age ranging from 18-60 years. This is offered with mandatory life insurance cover.

Micro-Enterprise Loan:

Increasing business volume of the entrepreneur completing one loan-cycle with Agahe Pakistan, this product is offered in the field of commerce, petty trading, handicraft and manufacturing coupled with other products. This is offered to individuals/groups of 3-5 members, from Rs.45,000 to Rs.75,000 per member, with repayment tenor of 12 months with monthly recovery, and age

ranging from 19-60 years. This is offered with mandatory life insurance cover.

Solar Home Solutions Loan:

Targeting both off-grid communities and those with acute load-shedding schedules, the solar home solutions loan enables our borrowers to acquire IEC certified solar kits on easy installments. With a wide range of products from Pico lights to larger home systems, they are offered with complete replacement warranties. This is offered to individuals/groups of 3-5 members, from Rs.10,000 to Rs.75,000 per member, with repayment over flexible tenors of 3-18 months with monthly recovery, and age ranging from 18-60 years. This is offered with mandatory life insurance cover.

Interest Free Loan:

The purpose of the Prime Minister's Interest Free Loan is to enable communities, particularly in the extremely poor areas of Pakistan to have access to income generating activities including microenterprises, thus improving rural job creation, and economic opportunities for women and youth. This is offered to individuals/groups of 3-5 members, from Rs.15,000 to Rs.50,000 per member, with monthly repayment spread over 12 months, and age ranging from 18-60 years. This is offered with mandatory life insurance cover.

Non-Financial Services

Agahe Pakistan ensures that the investments with clients are not mere a step of economic upliftment but a life time change – we offer services which are not only market but also client oriented to cater to the needs of our clients whose trust, increased capacity and economic empowerment is all we strive for. Our Microfinance Plus initiative is driven to create the meaningful impact coupled with other financial and non-financial services as envisaged.

Solar Home Solutions Project



With almost 50% of the population living in off-grid areas, Agahe Pakistan collaborated with PMIC and IFC to introduce IFC certified solar bundles to the masses facing acute load-shedding and those that are totally off-grid. Agahe Pakistan has successfully launched its SHS product under the banner “Roshan Gharana-Roshan Pakistan”. These bundles are superior in performance and are offered to clients on easy installments with complete replacement warranties. This is an ongoing project across all 15 Branches targeting at least 1,000 households in the first phase.



Graduation Model

The primary objective of the graduation model project is to convert PMIFL/BISP borrowers from interest free to commercial lending after certain underlying conditions are met. This is an ongoing project across Rajanpur and Kot Addu branches with a target of 500 graduations initially. After successful graduation, the clients are also given capacity building trainings to further enhance their abilities as entrepreneurs.

Digital Finance Model

In a fast paced and digitally competitive environment, Agahe Pakistan was tasked with upgrading its IT software to facilitate client disbursements and recoveries through branchless banking channels. Agahe Pakistan has formed collaboration with UBL Omni and Telenor Easy Paisa platforms to deliver superior digitized services to its clients across Vehari in the first phase. Subsequently, we plan to spread this initiative across all 15 branches of Agahe Pakistan.



Highlights as of June - 2018

	Commercial Microfinance	PMIFL	Consolidated Results
No of districts Covered	4	2	6
No of UCs Covered	99	7	106
No of Branches	13	2	15
Active Borrowers	15,729	3,770	19,499
OLP During the year	322.25M	60.03 M	382.28
Cumulative Loan Disbursement	1.52 B	327.23 M	1.84 B
Cumulative Borrowers	60,496	13,502	73,998
Ratio of Female Borrowers	92%	87%	89.5%
Ratio of Male Borrowers	08%	13%	10.5%
Recovery Rate	100%	100%	100%
Client Retention Rate	80%	74%	77%
New Clients During the Year	8,129	1,270	9,399
Amount disbursed during the year	565.7 M	107.1 M	672.8 M

2017-2018 The Year in Focus

The year witnessed great successes and achievements in Agahe Pakistan in terms of portfolio development, community/client and staff benefits, organizational growth, linkages development, fostering partnership across the sector, innovating microfinance sector and bringing technology to help people in need.

June
2018

- ▶ Participation in Islamic Microfinance Network 2nd Round Table Conference
- ▶ PCP Certification
- ▶ Stakeholder Iftar Dinner



May
2018

- ▶ Road Show - Community Interaction for Solar Product demonstration Kot Addu & Rajanpur



April
2018

- ▶ Launch of SHS - Roshan Gharana Roshan Pakistan
- ▶ MoU with UBL Omni Branch less banking services
- ▶ Celebrating 300 Million OLP



March
2018

- › Partnership with Allied Solar on provision of Solar Products
- › MOU with Greenlight Planet



- › Removing the Cultural Barriers-Sports day
- › ToT on Enterprise Development

November
2017

February
2018

- › Visit of CEO PPAF



- › International day for Eradication of Poverty

October
2017

January
2018

- › MoU with Telenor EasyPaisa Digital Financial Services
- › ACIAR - Project Workshop "Creating Wealth in small holders' Farms Through Effective Credit System in Pakistan"



- › Kisan Mela
- › Annual Planning Conferences

September
2017

December
2017

- › Opening of Tibba Sultanpur Branch
- › Opening of Mian Channu Branch
- › Establishing Microfinance Plus Initiatives department



- › Visit by PMIC Risk Unit
- › Distribution of Laptops to Senior Management

August
2017

Portfolio Characteristics

Clients & Funding base:

Working with key national microfinance actors, Agahe Pakistan has extended financial support to 19,499 clients through 15 branches in District Vehari, Muzaffargarh and Rajanpur, and Khanewal of Punjab province. Agahe Pakistan has been able to revitalize its interventions not only through financial services but non-financial services as well.

Number of clients
19,499

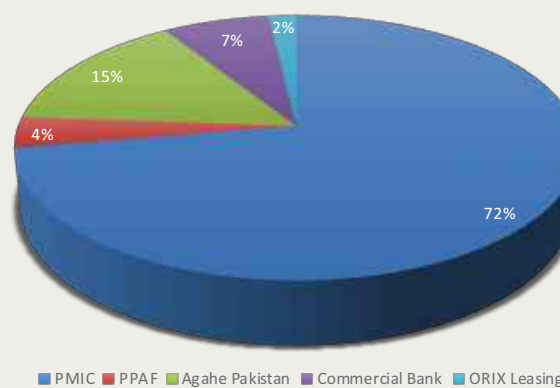
Number of branches
15

Funding Agencies
5
(PMIC, PPAF, Agahe Pakistan, Commercial Bank, ORIX leasing)

Funding portfolio – Source of funds

Agahe Pakistan has diverse Outstanding Portfolio of **322** Million from **4** funding agencies and self-financing – PMIC presently shares the largest funding base for year 2017-18.

Funding Portfolio- Source of funds








Product Mix: year wise

Agahe Pakistan while recognizing the niche of client well-being from poverty to prosperity puts concentrated efforts for integrated approaches in clients' capacity building for enterprise development, networking and provision of insurance facilities.

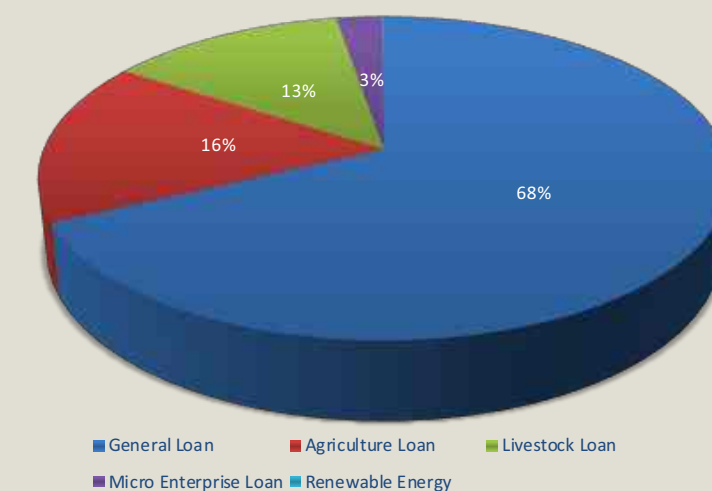
An overview of Product Mix, disbursed amount, active clients under each category as well as OLP suggests vertical growth (Loans/Disbursed Amount progress) whereby the general loan outstanding portfolio forms 67.86% of the total OLP.

Product Mix

Our Products

	 General Loan	 Agriculture Loan	 Livestock Loan	 Micro Enterprise Loan	 Renewable Energy
Amount Disbursed (PKR in Million)	1,177.79	155.49	81.915	22.215	0.213
Active Clients	11,839	1,477	2,119	268	08
Outstanding Loan Portfolio (PKR in Million)	218.67	52.683	42.326	8.35	0.213
% Of OLP	67.862%	16.35%	13.136%	2.591%	0.061%

Portfolio break-up by business type



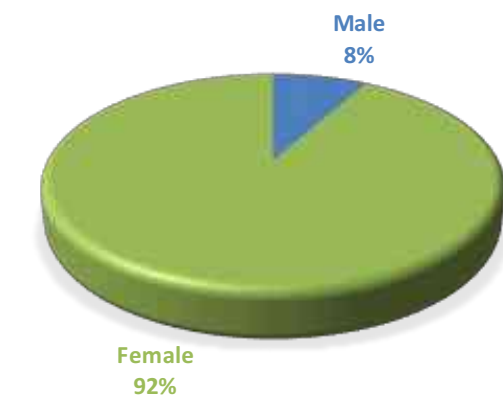
Women Empowerment

Agahe Pakistan endeavors to positively influence women decision making while alleviating their socio-economic status and making them a larger client base. Microfinance services have proven to be a positive influence in women economic empowerment thus by giving them an opportunity to affect decision making. Agahe Pakistan fosters a larger client base of women 92% for an enhanced model of women contributing to national economic mainstream.

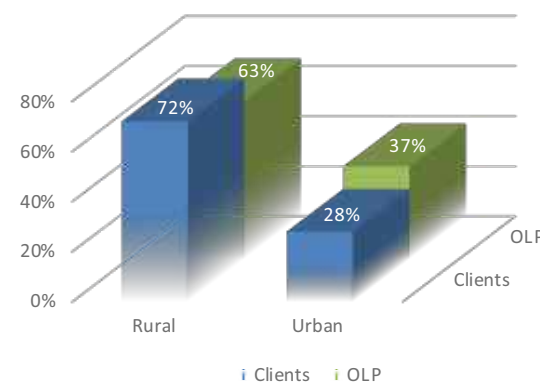
Geographical Distribution of Loans:

Agahe Pakistan has a diverse rural and urban client-base. However, the major OLP as well as clients distribution shows a distinguished divide between Rural and Urban targeted clients' base. With new-ventures to grow its products integrating technology, Agahe Pakistan envisions that this rural and urban categorization will be brought closer to each other reducing this significant variance.

GENDER SEGREGATION OF CLIENTS



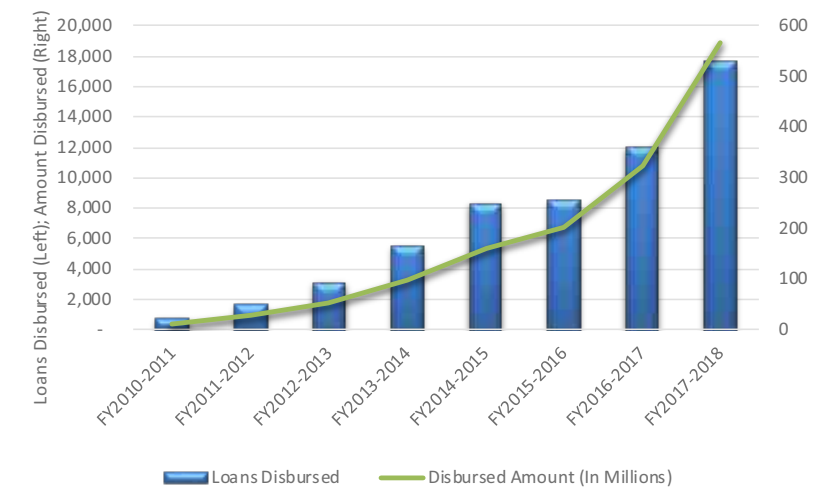
PORTFOLIO DISTRIBUTION - RURAL/URBAN DIVIDE



Annual Growth Analysis

Agahe Pakistan has witnessed an Annual vertical growth since the start of its microfinance program. Our client-cum-market oriented products, community and client engagement and capacity support in developing and expanding business has paved our way to continuous progress.

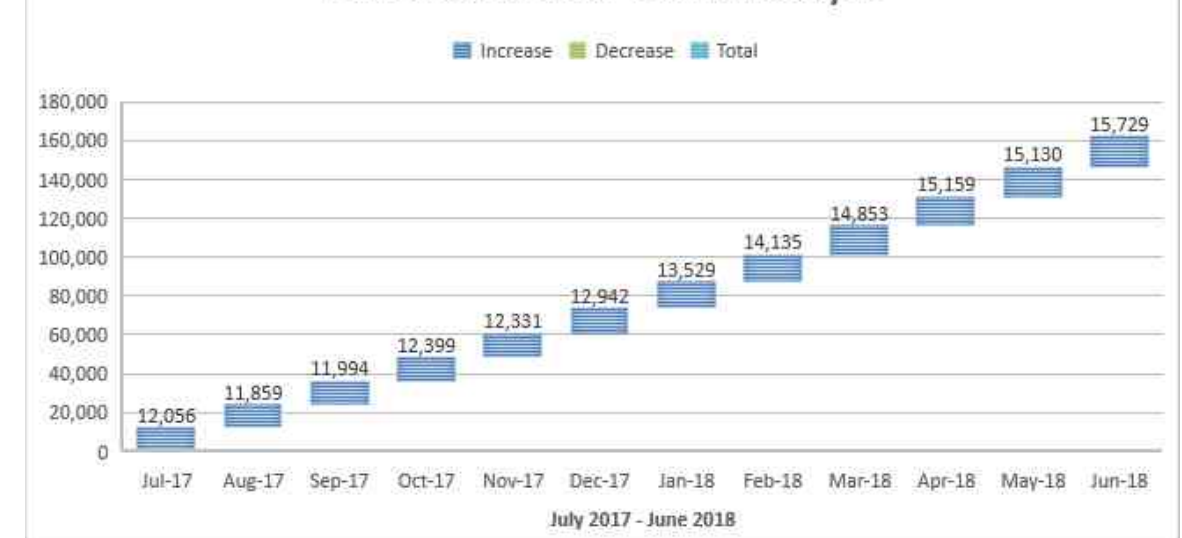
Progress of Loans-Amount Disbursed



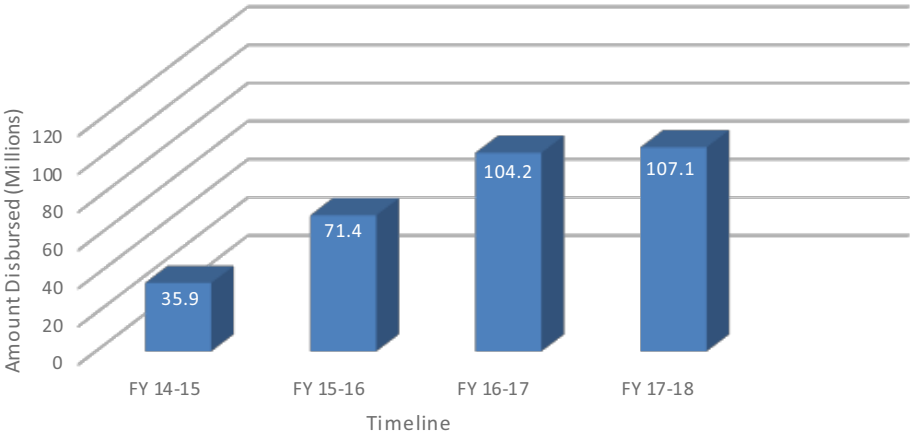
Active Clients Monthly Growth Analysis (plus IFL)

With a tremendous progress of 322.22 Million OLP, Agahe Pakistan is making its way to steady growth in terms of Outstanding Loan Portfolio with a diverse client base under different programs.

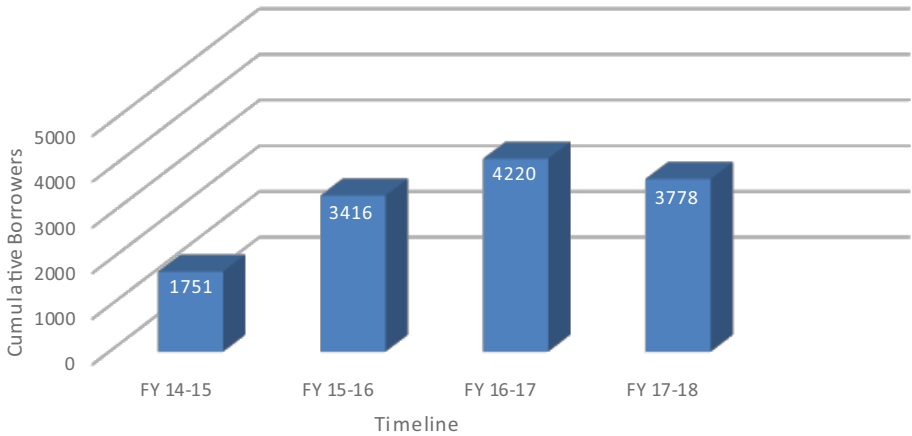
Active Client & OLP Growth Analysis



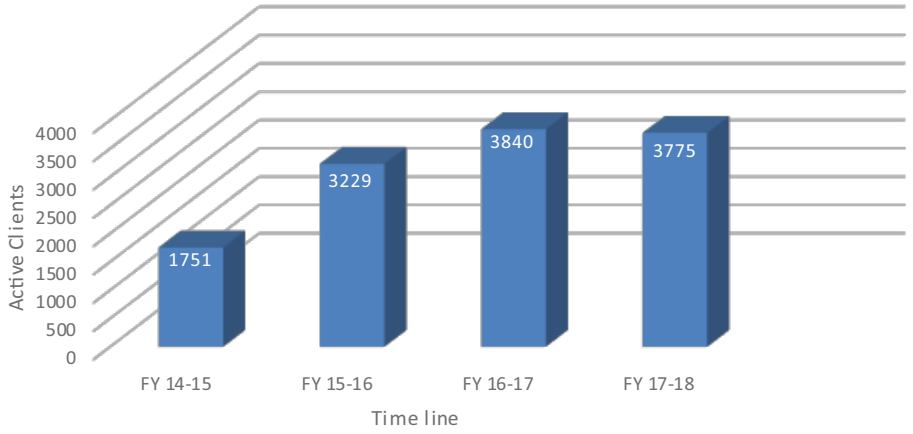
Disbursed Amount
Progress
PMIFL



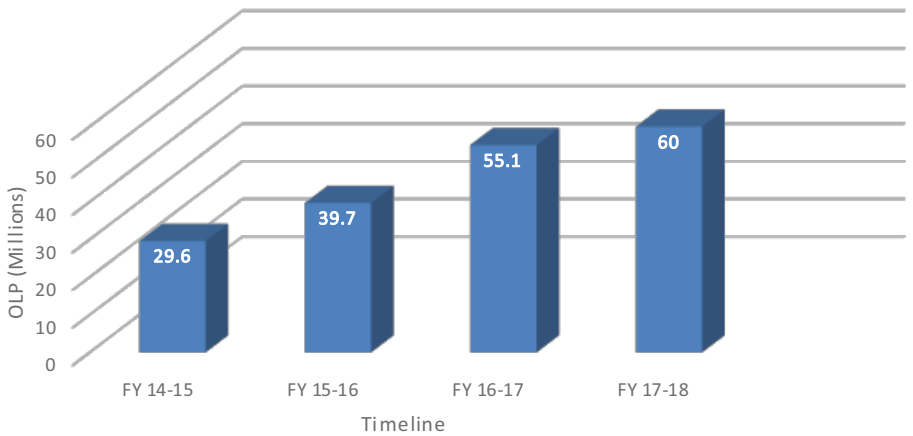
Gross Loans
Disbursed Progress
PMIFL



Active Clients
Progress
PMIFL

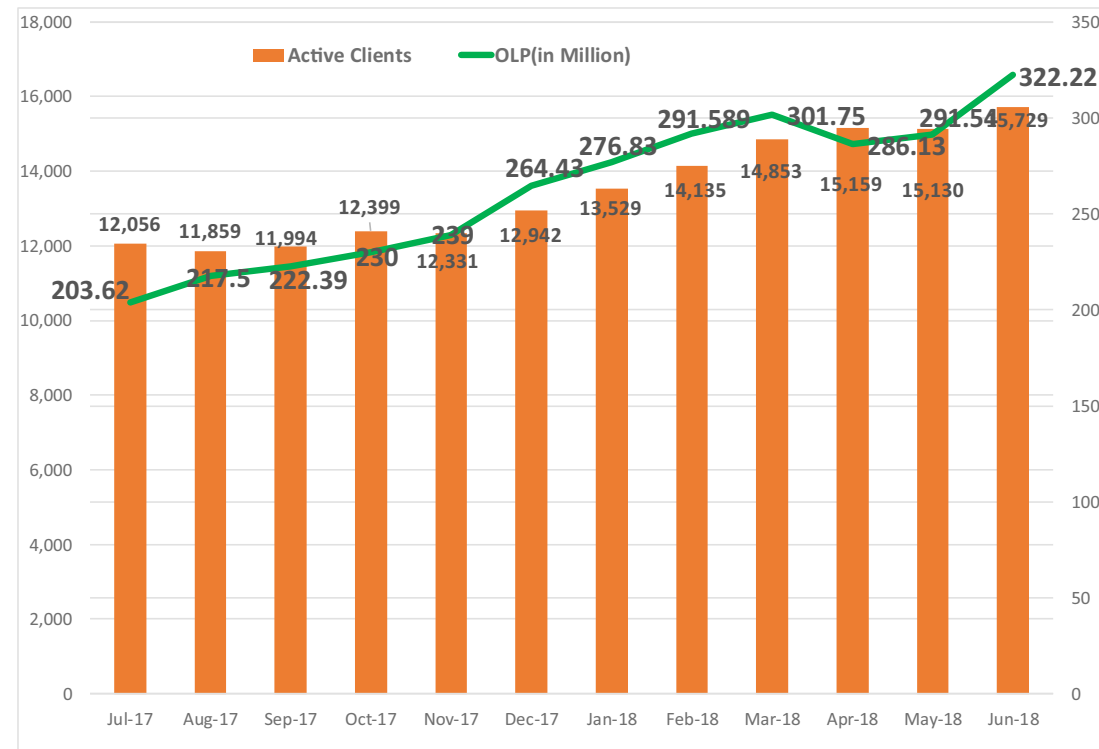


OLP Progress
PMIFL

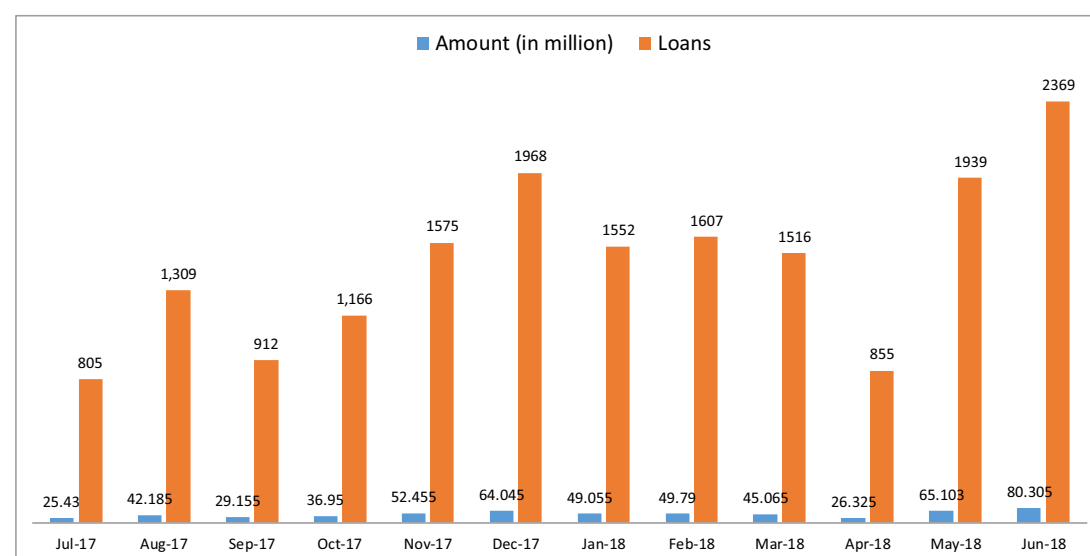


Conventional Microfinance Program

Conventional Microfinance Program-Active portfolio for the FY 2017-2018

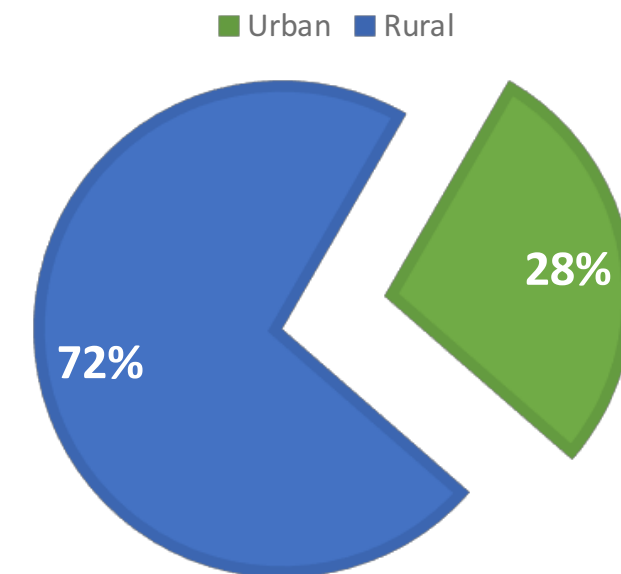


Monthly Loans and Amount Disbursed for the FY 2017-2018

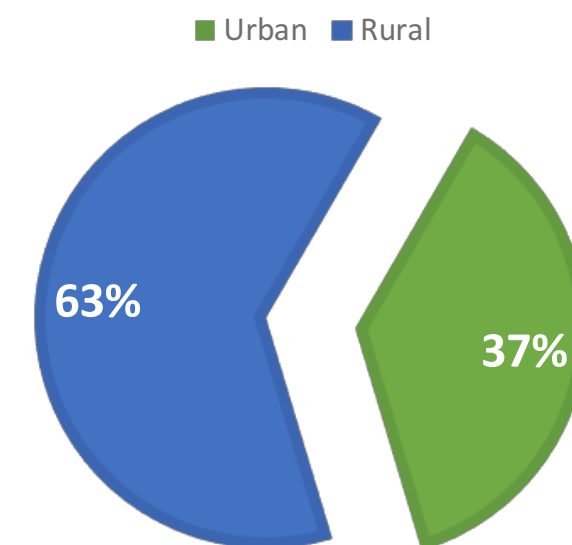


Active Portfolio Distribution

ACTIVE CLIENTS AREA WISE



OLP AREA WISE

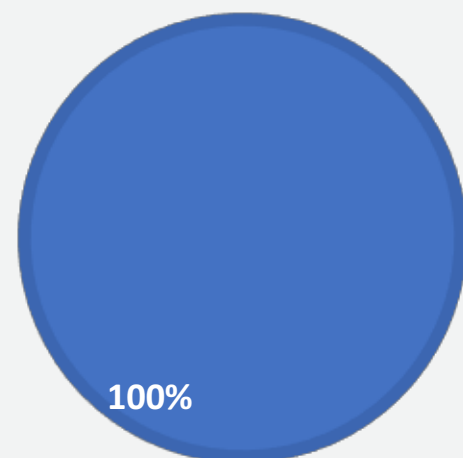


PMIFL Scheme

PMIFL Scheme Portfolio-Urban & Rural Segregation

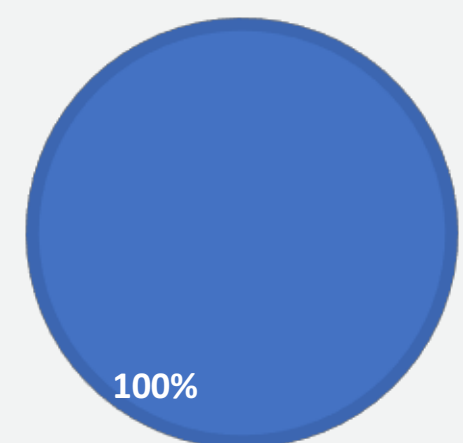
ACTIVE CLIENTS AREA WISE

Urban Rural



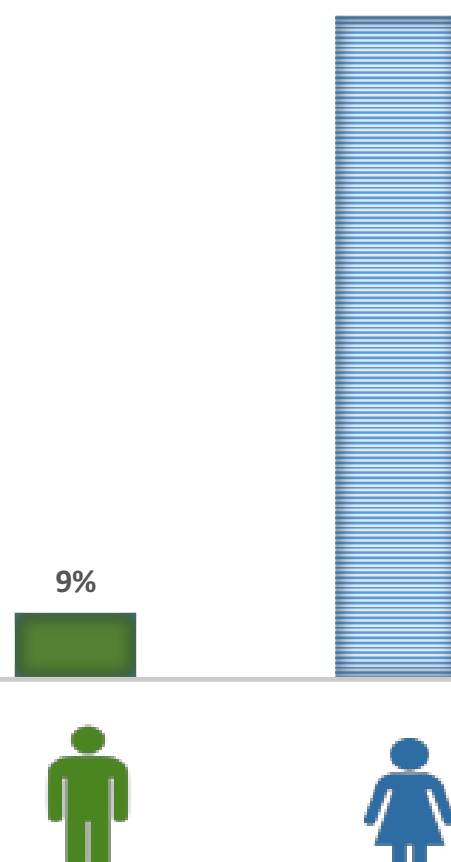
OLP AREA WISE

Urban Rural



Gender Wise Active Clients

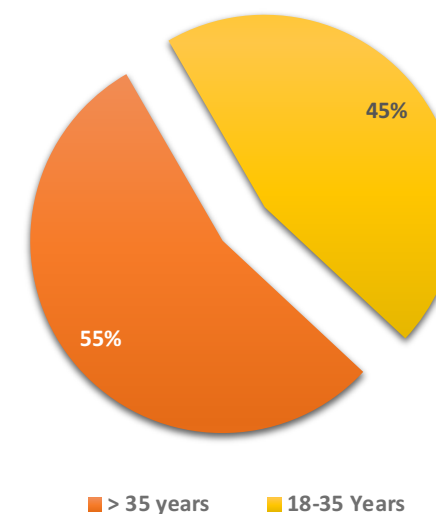
Gender Wise 91%



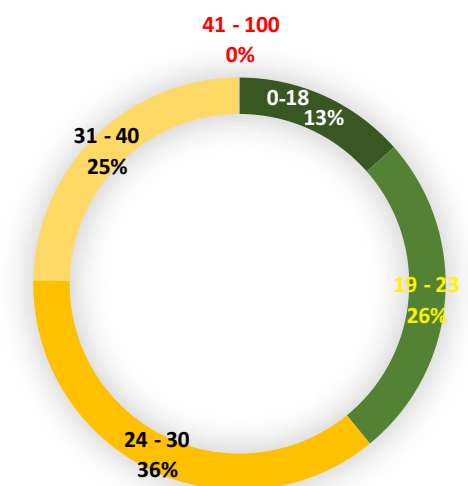
PMIFL Scheme-Poverty Score Wise Active Clients

PMIFL Scheme Youth Loans

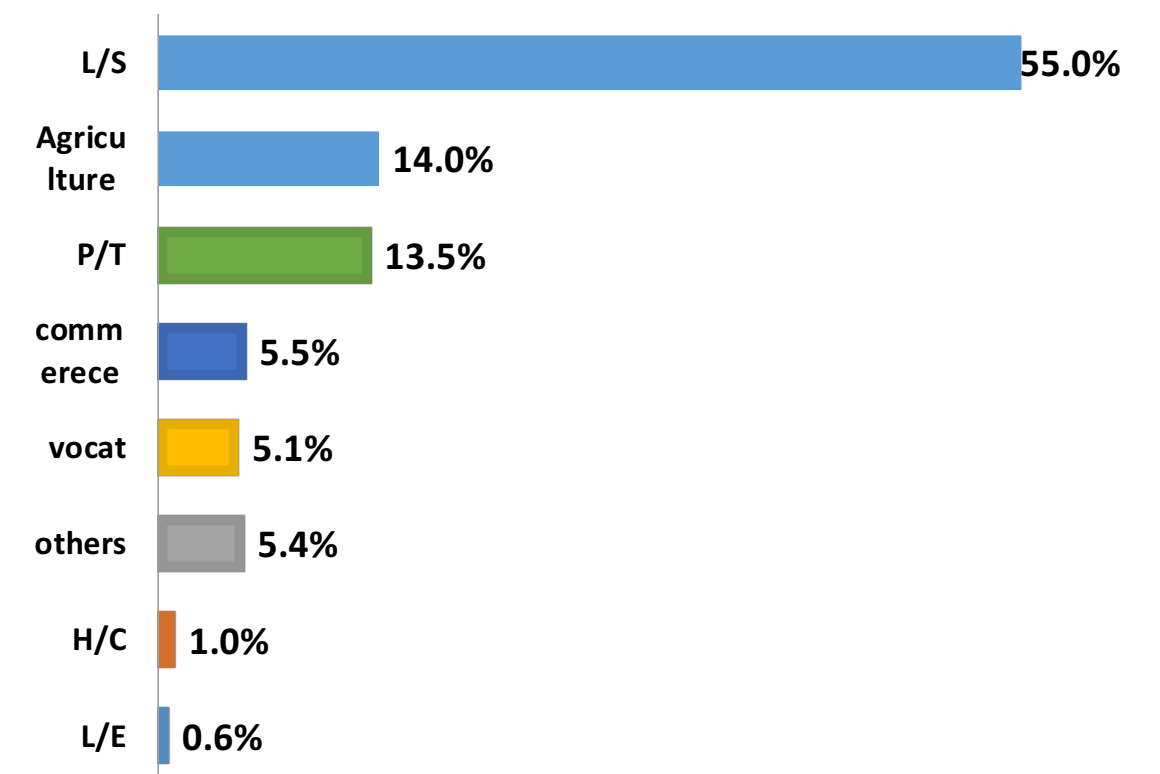
Loans to Youth



PSC Score Wise



PMIFL Scheme Sectorial distribution



Moments that Make Us Proud

Clients winning CMA Awards

With its clients' winning the vicious cycle of poverty, Agahe Pakistan is proud that they are emerging as leaders among thousand others with a better outlook for life, economic upliftment and generation of money through small initiatives. In Citi Foundation and the Pakistan Poverty Alleviation Fund hosted 11th annual Citi Microentrepreneurship Awards (CMA), 3 clients (Faiza Bibi, Kishwar Rafique and Hameed Bibi) of Agahe Pakistan Prime Minister's Interest Free Loan (PMIFL) Program stood out loud and won their awards under the category "Novice Entrepreneurship –PMIFL"



Kishwar Rafique

Kishwar Rafique of Rajanpur is an example of persistence & struggle for her economic uplift for last three years. With 6 dependents, continuous pressure from patriarchal structure of her family and locality she lives in as well as investment issues, she has struggled this far to establish a proper departmental store with support from PMIFL of Agahe Pakistan. Her initial working involved establishing a small business of shop at her home which was expanded with support from Agahe Pakistan. Her market oriented working style and keen understanding of market realities has made her grow faster in this field and employee three people at her shop contributing to their monthly income generation. Her monthly savings after repayment of loan is 30,000 PKR which sufficiently covers the expenses of her children education, medical and other basic necessities. With her experience of three years, she is hopeful that she can successfully scale up her business.

She believes that she can flourish her business with clear planning, focus and understanding of the market dynamics. Her believe on business expansion lies with clients' needs fulfilment. From her profits, Kishwer has set up another home-



Faiza Bibi

Faiza Bibi of Tehsil Kot Addu with 5 dependents has outgrown as an entrepreneur through establishing her stitching business in the wake of most difficult times of her life – her husband's missing with direct support from Agahe Pakistan PMIFL. Faiza Bibi started her boutique for bridal dress-making and is currently famous for her work and life she instills in her work. She has considerably expanded her work in only two loan cycles and her current monthly sales after loan repayment are 30,000 PKR. She is also employing her skills for economic empowerment of her area by transferring her skill-set to 10 other girls of the community. Her Courage and determination for her family, the creation of job opportunities for locality girls and innovative work in her business make her proud among the society. Her plans to expand the business involve running a boutique in all modern ways – utilizing technology as well as traditional knowledge and skills. She shares that she will furnish her boutique with a round table for cutting and further bring computerized designing into her work. She is a role model for other women and her business encourages other women of the locality to contribute their part for a successful life and start the work for a better future of their children.



Hameed Bibi

With her husband's paralysis and sole bread-winner for the family, Hameed Bibi found her peace in Clay-pottery to work herself through these hard times. She is being supported by Prime Ministers' Interest Free Loan with which she started her small-scale business at her home. With 6 dependents including her paralyzed husband, it was only her courage and support by Agahe Pakistan which kept her standing in this difficult time. Her unique clay pottery, beautifully carved with different designs has made her famous for her work which has helped her get sustained income. She is currently in her 2nd loan cycle and already getting an income of 40,000 PKR after the repayment of her loan. With the working on clay-pottery she has not only supported her family in raising income but also helped her husband to get better medical treatment. Her children are being educated in a good nearby school. With extra care and persistent efforts, Hameed Bibi's husband is not in a better health and supports her in her work. The designs and her art-work carved on them can be a potential market in other cities, says Hameed Bibi which she has in mind for future to expand her business. She says that she has learned to touch base with market dealers which will also help her expand her business with very little outside support. The courage and determination of Hameed Bibi an example of pride amongst the society as she has hired the 4 employees from her community and she encourage her other community fellows to start their own business and utilize their skills and talent. She raises her voice for the women empowerment and she aware the women to take part for the betterment of the society.



Financial Report



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INDEPENDENT AUDITOR'S REPORT

To the members of AGAHE Pakistan [A Company setup under section 42 of the Companies Ordinance, 1984 (repealed)]

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of AGAHE Pakistan - A Company setup under section 42 of the Companies Ordinance, 1984 [repealed] (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of income and expenditure and other comprehensive income, the statement of changes in equity, 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 and other comprehensive income, the statement of changes in equity 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 June 30, 2018 and of the surplus and other comprehensive income, the changes in equity 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.

Chartered Accountants
 Member of Grant Thornton International Ltd
 Offices in Karachi & Islamabad



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

Management is responsible for the other information. The other information comprises the Directors' 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.

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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of income and expenditure and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

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

Grant Thornton Imran Afzal
Lahore

Date: October 08, 2018

AGAHE Pakistan (A Company Setup Under Section 42 of repealed Companies Ordinance, 1984) Statement of Financial Position As at June 30, 2018

Note	2018 (Rupees)	2017 (Rupees)
ASSETS		
Non-current assets		
Property and equipment	4 19,496,487	5,403,051
Intangible assets	5 416,813	6,250
	19,913,300	5,409,301
Current assets		
Micro-credit loan portfolio	6 365,008,892	247,486,698
Mark up accrued on loan portfolio	2,808,889	1,785,356
Advances, deposits, prepayments and other receivables	7 16,234,947	14,107,905
Short term investments	8 25,000,000	33,300,000
Cash and bank balances	9 30,303,824	8,675,992
	439,356,552	305,355,951
	<u>459,269,852</u>	<u>310,765,252</u>
EQUITY AND LIABILITIES		
Equity		
Endowment fund	10 12,000,000	12,000,000
General fund	61,919,893	52,569,545
	73,919,893	64,569,545
Non-current liabilities		
Subordinated loan	11 8,000,000	8,000,000
Long term interest free loan from PPAF - PMIFL	12 -	59,924,394
Long term loan from PMIC	13 55,500,000	35,000,000
	63,500,000	102,924,394
Current liabilities		
Current portion of loan from PMIC	13 194,500,000	15,000,000
Current portion of loan from PPAF - PMIFL	12 64,059,526	-
Current portion of loan from PPAF	14 22,000,000	81,833,333
Short term borrowings	15 28,797,110	38,471,256
Mark-up payable on loans	16 5,791,824	3,455,016
Other payables	17 6,701,499	4,511,708
	321,849,959	143,271,313
Contingencies and commitments	18 -	-
	<u>459,269,852</u>	<u>310,765,252</u>

The annexed notes 1 to 34 form an integral part of these financial statements.

Imran Afzal
Director

Bank
Chief Executive

AGAHE Pakistan (A Company Setup Under Section 42 of repealed Companies Ordinance, 1984)
Statement of Income and Expenditure & Other Comprehensive Income
For the year ended June 30, 2018

	Note	2018 (Rupees)	2017 (Rupees)
Income from Microfinance Program			
Mark-up income on micro-credit loan portfolio		81,271,878	38,927,974
Loan processing fee		16,113,845	7,287,675
Return on deposits	19	2,604,764	1,527,102
Other income	23	1,771,503	54,785
		101,761,990	47,797,536
Direct cost - program cost	20	(50,610,853)	(23,401,710)
Finance cost	21	(21,893,471)	(6,716,569)
Provision for doubtful debts	6.5	(5,928,230)	(3,695,140)
Administrative expenses	22	(8,858,357)	(3,490,870)
Other expenses	24	(1,134,677)	-
		(88,425,588)	(37,304,289)
		13,336,402	10,493,247
Income from PMIFL scheme			
Income from PMIFL scheme	25	7,490,750	18,765,191
Program cost - PMIFL scheme	26	(7,241,962)	(6,117,769)
Finance cost	12	(4,135,132)	(3,101,349)
Provision for doubtful debts	6.5	(99,710)	(98,844)
		(11,476,804)	(9,317,962)
		(3,986,054)	9,447,229
Surplus before taxation		9,350,348	19,940,476
Taxation	30	-	-
Surplus after taxation		9,350,348	19,940,476

The annexed notes 1 to 34 form an integral part of these financial statements.

gmk


Director


Chief Executive

AGAHE Pakistan (A Company Setup Under Section 42 of repealed Companies Ordinance, 1984)
Statement of Cash flows
For the year ended June 30, 2018

	Note	2018 (Rupees)	2017 (Rupees)
Cash flows from operating activities			
Surplus before tax for the year		9,350,348	19,940,476
Adjustments for non cash items:			
Depreciation	4	1,701,719	1,078,791
Amortization	5	27,557	11,250
Financial charges	21 & 25.1	26,028,603	3,101,349
Provision for doubtful debts	6.4	6,027,940	3,694,931
		33,785,819	7,886,321
Surplus before working capital changes		43,136,167	27,826,797
Effect on cashflow due to working capital changes			
(Increase) in micro-credit loan portfolio		(123,550,135)	(247,486,698)
(Increase) in mark up accrued on micro-credit loan portfolio		(1,023,533)	(1,785,356)
(Increase) in advances, prepayments and other receivables		(2,127,042)	(13,507,905)
(Increase) in trade and other payables		2,189,791	4,481,708
Increase / (decrease) in short term borrowings		(9,674,146)	38,471,256
Increase in markup accrued on loans		-	9,764,606
		(134,185,065)	(210,062,389)
Cash (used in) operating activities		(91,048,898)	(182,235,592)
Finance cost paid		(19,556,663)	(6,546,511)
Net cash (used in) operating activities		(110,605,561)	(188,782,103)
Cash flows from investing activities			
Purchase of intangibles and property and equipments		(16,247,514)	(5,409,301)
Sale proceed from disposal of property and equipments		14,240	-
Increase / (decrease) in short term investments		8,300,000	(33,300,000)
Net cash (outflows) from investing activities		(7,933,274)	(38,709,301)
Cash flows from financing activities			
Proceeds received against financing		200,000,000	199,757,727
Repayment of financing		(59,833,333)	-
Funds received from AGAHE		-	36,409,669
Net cash inflows from financing activities		140,166,667	236,167,396
Net increase in cash and cash equivalents		21,627,832	8,675,992
Cash and cash equivalents at the beginning of the year		8,675,992	-
Cash and cash equivalents at the end of the year	9	30,303,824	8,675,992

The annexed notes 1 to 34 form an integral part of these financial statements.

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Director


Chief Executive

AGAHE Pakistan (A Company Setup Under Section 42 of repealed Companies Ordinance, 1984)
 Statement of Changes in Equity
 For the year ended June 30, 2018

	Endowment fund	General fund	Total
	(Rupees)		
Balance as at July 01, 2016	-	570,000	570,000
Endowment fund received during the year	25,800,000	18,259,069	44,059,069
Transferred from endowment fund	(13,800,000)	13,800,000	-
Surplus for the year	-	19,940,476	19,940,476
Balance as at June 30, 2017	12,000,000	52,569,545	64,569,545
Balance as at July 01, 2017	12,000,000	52,569,545	64,569,545
Surplus for the year	-	9,350,348	9,350,348
Balance as at June 30, 2018	12,000,000	61,919,893	73,919,893

The annexed notes 1 to 34 form an integral part of these financial statements.

Signature

Signature
 Director

Signature
 Chief Executive