



**UNCONSOLIDATED FINANCIAL STATEMENTS
OF
THE PAKISTAN CREDIT RATING AGENCY LIMITED
FOR THE YEAR ENDED
JUNE 30, 2025**



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE PAKISTAN CREDIT RATING AGENCY LIMITED

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **The Pakistan Credit Rating Agency Limited (the Company)**, which comprise the unconsolidated statement of financial position as at June 30, 2025, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows, for the year then ended, and notes to the unconsolidated financial statements, including material accounting policies information 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows and the unconsolidated statement of changes in equity 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, 2025 and of the profit and comprehensive income, its cash flows and the changes in equity 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 *Auditors' Responsibilities for the Audit of the Unconsolidated 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following is the key audit matter:

Sr. No	Key Audit Matter	How the matter is addressed in our audit
1. Revenue Recognition		
	As disclosed in the Notes 6.13 and 25 to the accompanying unconsolidated financial statements, the Company's revenue is derived from rating and non-rating services. During the year ended June 30, 2025, the Company generated net revenue of Rs. 466.81 million as compared to Rs. 439.22 million during the previous year, which represents an increase of approximately 6.28% as compared to last year. Given the significance of revenue as a key performance indicator and the attention required to ensure the accurate recognition of revenue, we identified revenue recognition as a key audit matter .	Our audit procedures amongst others included the following: • Obtained an understanding of the Company's revenue recognition processes and internal controls, and tested their efficacy on a sample basis, including timing; • Checked the appropriateness of the Company's revenue recognition policies and procedures to ensure compliance with International Financial Reporting Standards (IFRS) as applicable in Pakistan; • Recalculated the revenue and contract liability on sample basis to verify that the revenue is recorded accurately and in the correct accounting period. • Performed test of details on a sample of transactions and supporting documentation which involved verifying agreements, invoices, dissemination reports, receipts and conducting additional detailed procedures; • Reconciled sales reported in the sales tax returns with those in the internal sales reports. This included comparing the figures, investigating any discrepancies, and ensuring that all sales were accurately recorded and properly reported for tax purposes; • Performed reconciliation of sales with debtor balances to assess the accuracy and completeness of sales and receivables. This involved comparing reported figures, investigating variances, and verifying that sales transactions were properly recorded and

		appropriately reflected in the receivable ledger; • Carried out sequential testing of sales invoices to ensure completeness and accuracy of revenue recognition. This included checking that invoices were recorded in proper sequence, with no missing or duplicate invoices; • Performed cut-off procedures on near year-end sales to ensure revenue has been recorded in the correct period; and • Checked the appropriateness and adequacy of the disclosures provided in Note 25 to the unconsolidated financial statements in accordance with relevant accounting standards.
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Information Other than the Unconsolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the unconsolidated financial statements and our auditors' report thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated 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 the unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the unconsolidated 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.

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

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 unconsolidated 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 unconsolidated 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 auditors' report to the related disclosures in the unconsolidated 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 auditors' 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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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.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the unconsolidated notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) in our opinion, 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 auditors' report is Sajjad Hussain Gill.

LAHORE

DATED: October 07, 2025

UDIN: AR202510087DZX4pu6Hg

BDO Ebrahim & Co.

**BDO EBRAHIM & CO. DATED:
CHARTERED ACCOUNTANTS**

THE PAKISTAN CREDIT RATING AGENCY LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	7	13,026,337	19,326,133
Intangible assets	8	1,278,431	3,746,083
Right of use assets	9	26,201,640	6,254,321
Long term investments	10	105,833,000	105,833,000
Long term deposits	11	1,335,300	1,335,300
Deferred taxation	12	5,766,815	5,984,078
		<u>153,441,523</u>	<u>142,478,915</u>
CURRENT ASSETS			
Trade debts	13	110,661,131	98,154,471
Receivable from related parties	14	15,349,662	651,676
Advances, prepayments and other receivables	15	4,793,945	5,176,796
Short term investment	16	-	39,048,345
Cash and bank balances	17	117,549,269	54,890,097
		<u>248,354,007</u>	<u>197,921,385</u>
		<u>401,795,530</u>	<u>340,400,300</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
125,000,000 (June 30, 2024: 12,500,000) ordinary shares of Rs. 1 (June 30, 2024: Rs. 10) each	18.1	<u>125,000,000</u>	<u>125,000,000</u>
Issued, subscribed and paid-up share capital	18.2	74,529,000	74,529,000
Unappropriated profits - revenue reserve		<u>129,637,668</u>	<u>99,620,207</u>
		<u>204,166,668</u>	<u>174,149,207</u>
NON CURRENT LIABILITIES			
Lease liabilities	19	17,155,518	-
CURRENT LIABILITIES			
Current portion of lease liabilities	19	9,046,122	8,217,558
Contract liabilities	20	90,310,035	79,281,470
Trade and other payables	21	80,623,903	71,850,564
Accrued markup	22	-	3,722,195
Taxation - net	23	493,284	3,179,306
		<u>180,473,344</u>	<u>166,251,093</u>
		<u>401,795,530</u>	<u>340,400,300</u>
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

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CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

THE PAKISTAN CREDIT RATING AGENCY LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
Revenue from contracts with customers - net	25	466,809,611	439,229,257
Remuneration cost	26	(240,794,823)	(218,607,230)
Infrastructure cost	27	(37,728,045)	(32,860,503)
Administrative cost	28	(34,846,450)	(34,187,431)
		<u>(313,369,318)</u>	<u>(285,655,164)</u>
Operating profit		153,440,293	153,574,093
Allowance for expected credit loss on trade debts	13	(4,273,690)	(572,793)
Other income	29	30,534,968	17,811,226
Finance cost	30	(1,204,438)	(6,029,186)
Profit before income tax and levy		178,497,133	164,783,340
Levy	31	(171,084)	(122,626)
Profit before income tax		178,326,049	164,660,714
Income tax	32	(50,675,598)	(49,537,947)
Profit for the year		<u>127,650,451</u>	<u>115,122,767</u>
			Restated
Earnings per share - Basic and diluted	33	<u>1.71</u>	<u>1.54</u>

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

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Monan Haider
CHIEF EXECUTIVE OFFICER

M. Z.
DIRECTOR

Sajjad Subman
CHIEF FINANCIAL OFFICER

THE PAKISTAN CREDIT RATING AGENCY LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

	2025 Rupees	2024 Rupees
Profit for the year	127,650,451	115,122,767
Other comprehensive income	-	-
Items that will not be reclassified to profit or loss in subsequent years	-	-
Items that may be reclassified to profit or loss in subsequent years	-	-
Total comprehensive income for the year	127,650,451	115,122,767

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

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Homan Akhaidar
CHIEF EXECUTIVE OFFICER

[Signature]
DIRECTOR

Sajjad Iqbal
CHIEF FINANCIAL OFFICER

THE PAKISTAN CREDIT RATING AGENCY LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2025

	Issued, subscribed and paid-up share capital	Revenue reserve Unappropriated profits	Total
	Rupees		
Balance as at July 01, 2023	74,529,000	129,456,345	203,985,345
Profit for the year	-	115,122,767	115,122,767
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	115,122,767	115,122,767
Second interim dividend for the year ended June 30, 2023 at the rate of Rs. 9 per share	-	(67,076,100)	(67,076,100)
Final dividend for the year ended June 30, 2023 at the rate of Rs. 3.45 per share	-	(25,712,505)	(25,712,505)
Interim dividend for the year ended June 30, 2024 at the rate of Rs. 7 per share	-	(52,170,300)	(52,170,300)
Balance as at June 30, 2024	74,529,000	99,620,207	174,149,207
Profit for the year	-	127,650,451	127,650,451
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	127,650,451	127,650,451
Interim dividend for the year ended June 30, 2025 at the rate of Rs. 1.31 per share	-	(97,632,990)	(97,632,990)
Balance as at June 30, 2025	74,529,000	129,637,668	204,166,668

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

THE PAKISTAN CREDIT RATING AGENCY LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income tax and levy		178,497,133	164,783,340
Adjustment for non cash and other items:			
Depreciation on operating fixed assets	7	7,813,292	7,656,139
Depreciation on right of use assets	9	6,254,321	4,352,758
Amortization on intangible assets	8	2,467,652	1,934,360
Workers' Welfare Fund	28	3,642,799	3,362,925
Allowance for expected credit losses	13	4,273,690	572,793
Finance cost	30	721,238	3,853,627
Financial charges on lease	30	424,230	2,175,559
Markup on savings accounts	29	(9,399,757)	(4,373,491)
Markup on loan given to associate	29	-	(4,118,416)
Profit on short term investments	29	(1,824,895)	(6,840,068)
Loss / (gain) on disposal of operating fixed assets	29	40,557	(7,025)
		14,413,127	8,569,162
Operating profit before working capital changes		192,910,260	173,352,502
Working capital changes:			
(Increase) / decrease in current assets:			
Trade debts	13	(16,780,350)	(15,634,043)
Receivable from related parties - net	14	(23,743,947)	(1,334,665)
Advances, prepayments and other receivables	15	382,851	12,122,454
Increase / (decrease) in current liabilities:			
Trade and other payables	21	17,666,149	(2,758,014)
Contract liabilities	20	11,028,565	(27,305,645)
		(11,446,732)	(34,909,913)
Cash generated from operations		181,463,528	138,442,589
Finance cost paid		(4,443,016)	(2,337,025)
Workers' Welfare Fund paid	21	(3,490,064)	-
Tax paid		(53,315,442)	(55,063,814)
Net cash flows generated from operating activities		120,215,006	81,041,750
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets	7	(1,586,553)	(1,998,223)
Proceeds from disposal of operating fixed assets	7	32,500	60,000
Purchase of intangible assets	8	-	(1,881,000)
Short term investment - Net	16	39,048,345	5,169,288
Long term investment	10	-	(5,733,000)
Interest received	29	11,224,652	19,617,471
Net cash generated from investing activities		48,718,944	15,234,536
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liabilities	19	(8,641,788)	(8,038,884)
Dividend paid		(97,632,990)	(144,958,905)
Repayment of loan from associated company		-	30,000,000
Net cash used in financing activities		(106,274,778)	(122,997,789)
Net increase / (decrease) in cash and cash equivalents		62,659,172	(26,721,503)
Cash and cash equivalents at the beginning of the year		54,890,097	81,611,600
Cash and cash equivalents at the end of the year		117,549,269	54,890,097

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

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Muhammad Shaukat

CHIEF EXECUTIVE OFFICER

M. Z.

DIRECTOR

Sajid Iqbal

CHIEF FINANCIAL OFFICER

THE PAKISTAN CREDIT RATING AGENCY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The Pakistan Credit Rating Agency Limited ("the Company") was incorporated as a private limited company in Pakistan on August 18, 1994, converted into a public limited company on April 30, 2004 and converted into listed company on June 30, 2025. The business of the Company is to carry out risk evaluation of companies and specific instruments. The evaluation is expressed in terms of assigned credit rating to the entity or the instrument reflecting the capacity to honor its debt or other fixed term obligations.

1.2 The Pakistan Credit Rating Agency Limited is part of PACRA Group which consist of:

Subsidiary Company	% age of direct shareholding	% age of effective shareholding
PACRA Analytics (Private) Limited	100%	100%
Associate		
Tasdeeq Information Services Limited (TISL)	15.57%	15.57%
Investee		
Lanka Rating Agency Limited	13.70%	13.70%

1.2.1 The registered office of the PACRA Analytics (Private) Limited is situated at Awami Complex, FB-1, Usman Block, New Garden Town, Lahore. The objectives of the Company are to carry on business as management and financial consultants, risk managers, project manager, trust consultants, planners, advisors, surveyors, assessors, supervisors and / or technical advisors of or for any person, Company, Trust, Banks and Financial Institutions.

1.2.2 The registered office of Tasdeeq Information Services Limited (the Associate) is situated at Building 8, Sector B, Commercial Area, Phase V, DHA, Lahore. The main objective of the Company is to carry out the business of a Credit Information Bureau for collecting and disseminating credit information as permissible under the Credit Bureau Act 2015.

During the year, the Associate has announced a right shares issue which the Company opted not to subscribe. Subsequent to the year-end, following the allotment, the Company's shareholding was diluted to 12.84%.

1.2.3 The registered office of Lanka Rating Agency Limited (the Investee) is situated at No. 145, Kynsey Road, Colombo 8, Sri Lanka. The main objective of the Company is to provide services as an approved credit rating agency in Sri Lanka.

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In March 2021, the Company entered into an agreement with Lanka Rating Agency Limited (LRA), Sri Lanka, to acquire 26.8 million shares (15% of LRA's planned issuance) without consideration, issued in two tranches during FY 2021 and FY 2023. The Company also signed a five-year technical affiliation agreement for annual service fees. The Company holds an option to sell these shares back to LRA after five years at LKR 2 per share. However, considering the financial condition and non-performance risk, the fair value of the shares was rounded to zero at inception and continues to be rounded to zero as of the reporting date. In January 2024, LRA announced a rights issue under which the Company subscribed to 7.044 million shares through a conversion of its receivables from LRA. However, the allotment of these shares is still pending completion of regulatory formalities. Pending this allotment, the Company's shareholding has been reduced to 13.7% as of the reporting date. Furthermore, LRA reduced 175 million shares from its total paid-up capital of 179.9 million shares, with the necessary approvals and consent of shareholders resulting in the reduction of number of shares the Company has in LRA to 0.73 million shares.

These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary and investment in associate and investee is accounted for on cost basis rather than on the basis of reported results. Consolidated financial statements are prepared separately.

2 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNIT

The registered office of the Company is situated at Awaji Complex, FB-1, Usman Block, New Garden Town, Lahore.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017;
- Credit Rating Companies regulations, 2016 (CRC); and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, IFAS and CRC, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention, unless otherwise stated.

3.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pak Rupees ("Rs"), which is the functional and presentation currency of the Company.

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4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2025

The following standards, amendments and interpretations are effective for the year ended June 30, 2025. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024

4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026

**Effective date
(annual periods
beginning on or
after)**

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)

January 01, 2026

IFRS 17 Insurance Contracts

January 01, 2027

Certain annual improvements have also been made to a number of IFRSs and IASs.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2027.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of unconsolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

	Notes
Impairment of non-financial assets	6.3
Allowance for expected credit loss	6.8
Taxation	6.15.2

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6 MATERIAL ACCOUNTING POLICIES INFORMATION

The principal accounting policies applied in the presentation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

6.1 Operating fixed assets

6.1.1 Owned assets

Items of operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and includes other costs directly attributable to the acquisition or construction including expenditures on material, labor and overheads directly relating to construction, erection and installation of operating fixed assets.

The residual values, useful lives and methods of depreciation of operating fixed assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Normal repairs and maintenance are charged to unconsolidated statement of profit or loss, as and when incurred.

6.1.2 Depreciation

Depreciation charged on all operating fixed assets, is based on the straight line method so as to write off the historical cost of an asset over its estimated useful life at rates mentioned in Note 7 after taking into account their residual values. Depreciation on additions is charged from the month in which these are capitalized, while no depreciation is charged in the month in which an asset is disposed off.

6.1.3 Disposal

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on sale of an item of operating fixed assets are determined by comparing the proceeds from sale with the carrying amount of operating fixed assets, and are recognized in the unconsolidated statement of profit or loss.

6.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization for intangible assets and any identified impairment loss. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortized using straight-line method at rates mentioned in Note 8 to these unconsolidated financial statements. Amortization on additions to intangible assets is charged from the month in which an asset is put to use and on disposal up to the month of disposal. Gains and losses on disposal of assets are recognized in the unconsolidated statement of profit or loss.

6.3 Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized as expense. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is charged, the depreciation charge is adjusted for the future periods to allocate the asset's revised carrying amount over its estimated useful life.

6.4 Leases

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

Company as lessee

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

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation, impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

6.5 Long term investments

6.5.1 Investment in subsidiary

Investment in subsidiary companies are measured at cost as per the requirements of IAS-27 'Separate Financial Statements'. However, at subsequent reporting dates, the Company reviews the carrying amounts of the investments and its recoverability to determine whether there is an indication that such investments have suffered an impairment loss. If such indication exists the carrying amounts of the investments are adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in the unconsolidated statement of profit or loss.

6.5.2 Investments in equity instruments of associates

Associates are entities over which the Company has significant influence but not control. Investments in equity instruments of associate is measured at cost less impairment, if any, in the Company's unconsolidated financial statements.

6.6 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances.

6.7 Financial instruments - Initial recognition and subsequent measurement

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

6.8 Financial assets

Financial assets - Initial recognition

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts and bank balance that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include long term deposits, trade debts, loans to an associate, receivable from related parties, short term investment, and cash and bank balances.

Financial assets - Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a) Financial assets at fair value through profit or loss
- b) Financial assets at amortized cost (debt instruments)
- c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the unconsolidated statement of financial position at fair value with net changes in fair value recognized in the unconsolidated statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the unconsolidated statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Company does not have financial assets recorded at fair value through profit or loss.

b) Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized costs includes long term deposits, trade debts, receivable from related parties, short term investment, and cash and bank balances.

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any financial assets designated at fair value through OCI (equity instruments).

d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the unconsolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial assets - Impairment

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade debts, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognized in the statement of profit or loss. The impact of ECL on trade debts is disclosed in Note 13.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the unconsolidated statement of profit or loss.

6.9 Financial liabilities

Financial liabilities - Initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

Financial liabilities - Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the unconsolidated statement of comprehensive income.

This category applies to short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

Financial liabilities - Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the unconsolidated statement of profit or loss.

6.10 Offsetting of financial assets and financial liabilities

A financial asset and financial liability are offset and the net amount is reported in the unconsolidated statement of financial position if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

6.11 Employee benefits

Defined contribution plan

The Company operated a defined contributory approved Provident Fund Trust for all its employees. Equal monthly contributions are made both by the Company and employees at the rate of 5% (2024: 5%) of the basic salary to the Provident Fund Trust. The obligation for contributions to defined contribution plan is expensed as the related service is provided.

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6.12 Contingent liabilities

A contingent liability is disclosed when:

- i) there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- ii) there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

6.13 Revenue from contracts with customers

6.13.1 Revenue recognition

Revenue is recognized when services are rendered to the customer, in an amount that reflects the consideration the Company expects to be entitled to those services excluding sales tax and after deduction of discounts. Specific revenue and other income recognition policies are as follows:

6.13.1.1 Fee income

a) Rating

Revenue from rating services is recognized at point in time when services are rendered to the customer.

b) Monitoring

Revenue attributed to monitoring is recognized over the period in which monitoring is performed, generally one year.

6.13.2 Dividends

Dividend income is recognized when the Company's right to receive payment is established.

6.13.3 Interest income

Interest income is recognized as it accrues under the effective interest method.

6.14 Contract balances

Contract asset

A contract asset is the right to consideration for rendering of services if the Company is providing services to customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liability

A contract liability is the obligation to render services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company render services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

6.15 Taxation

6.15.1 Current

Current tax is the expected tax payable on the taxable income for the year based on taxable profits, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

6.15.2 Deferred

Deferred tax is provided using the balance sheet method for all temporary differences at the reporting date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, if any, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantially enacted at the reporting date.

6.15.3 Estimate

The Company establishes provisions, based on reasonable estimates taking into account the applicable tax laws and the decisions by appellate authorities on certain issues in the past. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

A deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

6.16 Levy

The amount calculated on taxable income using the notified tax rate is recognized as current income tax expense for the year in statement of profit or loss. Any excess of expected income tax paid or payable for the year under the Income tax Ordinance, 2001, over the amount designated as current income tax for the year, is then recognized as a levy.

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6.17 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences arising on retranslation are recognized in unconsolidated statement of profit or loss.

6.18 Provision

A provision is recognized in the unconsolidated statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

6.19 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

6.20 Related party transactions

Transactions with related parties occurring in the normal course of business adhere to terms of the respective agreements as approved by the Board of Directors.

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7 OPERATING FIXED ASSETS

Description	Furniture and fixtures	Office equipment and computers	Vehicles	Total
	(Rupees)			

Net carrying value basis

Year ended June 30, 2025

Opening net book value (NBV)	10,213,006	7,442,097	1,671,030	19,326,133
Additions (at cost)	-	1,586,553	-	1,586,553
Disposals (NBV)	-	(73,057)	-	(73,057)
Depreciation charge	(3,773,317)	(3,194,635)	(845,340)	(7,813,292)
Closing net book value	6,439,689	5,760,958	825,690	13,026,337

Gross carrying value basis

Year ended June 30, 2025

Cost	22,087,164	20,231,387	4,250,200	46,568,751
Accumulated depreciation	(15,647,475)	(14,470,429)	(3,424,510)	(33,542,414)
Net book value	6,439,689	5,760,958	825,690	13,026,337

Net carrying value basis

Year ended June 30, 2024

Opening net book value (NBV)	14,129,454	8,391,200	2,516,370	25,037,024
Additions (at cost)	-	1,998,223	-	1,998,223
Disposals (NBV)	-	(52,975)	-	(52,975)
Depreciation charge	(3,916,448)	(2,894,351)	(845,340)	(7,656,139)
Closing net book value	10,213,006	7,442,097	1,671,030	19,326,133

Gross carrying value basis

Year ended June 30, 2024

Cost	22,087,164	19,034,707	4,250,200	45,372,071
Accumulated depreciation	(11,874,158)	(11,592,610)	(2,579,170)	(26,045,938)
Net book value	10,213,006	7,442,097	1,671,030	19,326,133

Depreciation rate % per annum

10-33.33	10-33.33	20
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- 7.1 Operating fixed assets include fully depreciated assets amounting to Rs. 11.98 million (2024: Rs. 9.31 million) that are still in use as of the reporting date.

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	Note	2025 Rupees	2024 Rupees
8 INTANGIBLE ASSETS			
Rating software - License	8.1	1,174,865	3,065,492
Software	8.2	103,566	680,591
		<u>1,278,431</u>	<u>3,746,083</u>
8.1 Rating software - License			
Net carrying value			
As at July 01,		3,065,492	3,742,355
Addition during the year		-	1,181,000
Amortization charge during the year		(1,890,627)	(1,857,863)
As at June 30,		<u>1,174,865</u>	<u>3,065,492</u>
Gross carrying value			
Cost		5,672,006	5,672,006
Accumulated amortization		(4,497,141)	(2,606,514)
Net book value		<u>1,174,865</u>	<u>3,065,492</u>
Amortization rate (%) per annum		<u>33.33</u>	<u>33.33</u>
8.2 Software			
Net carrying value			
As at July 01,		680,591	57,088
Addition during the year		-	700,000
Amortization charge during the year		(577,025)	(76,497)
As at June 30,		<u>103,566</u>	<u>680,591</u>
Gross carrying value			
Cost		1,731,074	1,731,074
Accumulated amortization		(1,627,508)	(1,050,483)
Net book value		<u>103,566</u>	<u>680,591</u>
Amortization rate (%) per annum		<u>33.33</u>	<u>33.33</u>
8.2.1 The amortization charge for the year has been allocated as follows:			
Infrastructure cost	27	<u>2,467,652</u>	<u>1,934,360</u>
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		Note	2025 Rupees	2024 Rupees
9	RIGHT OF USE ASSETS			
	The following is the statement of right of use assets:			
9.1	Building			
	Net carrying value basis			
	As at July 01,		6,254,321	10,607,079
	Addition during the year		26,201,640	-
	Depreciation charge during the year	27	(6,254,321)	(4,352,758)
	As at June 30,		<u>26,201,640</u>	<u>6,254,321</u>
	Gross carrying value basis			
	Cost		26,201,640	27,824,199
	Accumulated depreciation		-	(21,569,878)
	Net book value		<u>26,201,640</u>	<u>6,254,321</u>
	Depreciation rate (%) per annum		<u>33.33</u>	<u>33.33</u>

9.1.1 This represents the lease contract for the 1st and 2nd floors of the Head office of the Company with a lease term of 3 years. The lease will expire in June 30, 2028.

10 LONG TERM INVESTMENTS

PACRA Analytics (Private) Limited	10.1	100,000	100,000
Tasdeeq Information Services Limited	10.2	105,733,000	105,733,000
		<u>105,833,000</u>	<u>105,833,000</u>

10.1 PACRA Analytics (Private) Limited

No. of shares- ordinary	Percentage
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10.1.1 Subsidiary Company

2025	2024			
<u>10,000</u>	<u>10,000</u>	100%	<u>100,000</u>	<u>100,000</u>

The face value of these shares is Rs. 10 each.

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	Note	2025 Rupees	2024 Rupees
12.2 The gross movement in the deferred tax asset during the year is as follow:			
As at July 01,		5,984,077	6,414,381
Charged to statement of profit or loss	32	(217,263)	(430,304)
As at June 30,		<u>5,766,814</u>	<u>5,984,077</u>

13 TRADE DEBTS

Unsecured

Due from related party	13.1	32,627,287	32,734,251
Less: Allowance for ECL	13.2	(1,459,324)	(1,528,073)
		<u>31,167,963</u>	<u>31,206,178</u>
Due from others	13.3	85,722,362	74,328,304
Less: Allowance for ECL	13.4	(6,229,194)	(7,380,011)
		<u>79,493,168</u>	<u>66,948,293</u>
		<u>110,661,131</u>	<u>98,154,471</u>

13.1 Due from related party

Lanka Rating Agency Limited	13.1.1	<u>32,627,287</u>	<u>32,734,251</u>
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The amounts due from related party is interest free and repayable in normal course of business.

13.1.1 Ageing of Lanka Rating Agency Limited

0 - 90 days	15,181,401	10,435,609
Above 365 days	17,445,886	22,298,642
	<u>32,627,287</u>	<u>32,734,251</u>

13.2 Allowance for ECL - Related party

As at July 01,	1,528,073	-
Add: (Reversal) / Allowance for the year	(68,749)	1,528,073
As at June 30,	<u>1,459,324</u>	<u>1,528,073</u>

13.2.1 This represents the ECL on the account of time value of money based upon the duly approved management plan to recover this balance within twelve months from the reporting date. The credit loss is not expected in respect of this balance.

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	Note	2025 Rupees	2024 Rupees
13.3 Ageing of due from others			
0 - 90 days		67,359,524	60,279,888
91 - 180 days		7,021,399	6,403,754
181 - 270 days		4,181,523	623,274
271 - 365 days		2,360,642	1,246,610
Above 365 days		4,799,274	5,774,778
		<u>85,722,362</u>	<u>74,328,304</u>
13.4 Allowance for ECL - Others			
As at July 01,		7,380,011	9,389,568
Add: Allowance / (reversal) for the year		4,342,439	(955,280)
Less: Bad debt written off		(5,493,256)	(1,054,277)
As at June 30,		<u>6,229,194</u>	<u>7,380,011</u>
14 RECEIVABLE FROM RELATED PARTIES			
PACRA Analytics (Private) Limited	14.1	10,015,467	-
Tasdeeq Information Services Limited (TISL) - Reimbursement	14.2	2,999,907	261,383
TenX (Private) Limited - Reimbursement		-	390,293
Shortfall in deduction of withholding tax from Chief Executive Officer (CEO)	14.3	2,334,288	-
		<u>15,349,662</u>	<u>651,676</u>
14.1	This represent receivable against the shared expenses paid by the Company on their behalf.		
14.2	This represents the net balance of shared expenses of common facilities utilized by TISL and the Company, which have been subsequently received.		
14.3	This represents a shortfall in deduction of withholding tax from the salary of the CEO. The amount has been subsequently received and settled within the tax year 2024-2025.		
14.4	The maximum aggregate amount outstanding from related parties at any time during the year was:		
PACRA Analytics (Private) Limited		10,015,467	-
TISL		2,999,907	261,383
TenX (Private) Limited		333,453	771,053
Shortfall in deduction of withholding tax from Chief Executive Officer (CEO)		2,334,288	-
14.5	Age analysis of receivable from related parties, past due but not impaired is as follows:		
0 to 6 months		12,682,565	261,383
6 to 12 months		2,667,098	390,293
₹		<u>15,349,663</u>	<u>651,676</u>

	Note	2025 Rupees	2024 Rupees
15 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - unsecured and considered good			
To employees	15.1	1,897,626	1,546,792
To suppliers		308,869	392,830
Prepayments		2,587,450	3,237,174
		<u>4,793,945</u>	<u>5,176,796</u>
15.1 This represents advance to employees against salaries in accordance with the terms of their employment. These advances are unsecured, interest free and are deductible from their salaries.			
16 SHORT TERM INVESTMENT			
Investment in Government securities	16.1	-	39,048,345
16.1 This relates to investment in treasury bills by the Company. They carry yield ranging from 19.84 % to 21.64 % (2024: 20.01% to 23.29%) per annum. These Treasury bills were matured during the year.			
17 CASH AND BANK BALANCES			
Cash in hand		19,827	14,071
Balances at banks			
- Current account		9,278,593	14,704,844
- Savings accounts	17.1	108,250,849	40,171,182
		<u>117,549,269</u>	<u>54,890,097</u>
17.1 This carries mark up ranging 9.25% to 19% (2024: 19% to 20.5%) per annum.			

₹

			2025 Rupees	2024 Rupees
18	SHARE CAPITAL			
18.1	Authorized share capital			
	2025 (Number of shares)	2024 Ordinary shares		
		Ordinary shares of Rs. 1 (2024: Rs. 10) each		
	<u>125,000,000</u>	<u>12,500,000</u>	<u>125,000,000</u>	<u>125,000,000</u>
18.2	Issued, subscribed and paid up share capital			
		Ordinary shares of Rs. 1 (2024: Rs. 10) each, fully paid in cash		
	15,000,000	1,500,000	15,000,000	15,000,000
		Ordinary shares of Rs. 1 (2024: Rs. 10) each, issued as bonus shares		
	<u>59,529,000</u>	<u>5,952,900</u>	<u>59,529,000</u>	<u>59,529,000</u>
	<u>74,529,000</u>	<u>7,452,900</u>	<u>74,529,000</u>	<u>74,529,000</u>

18.2.1 During the year, the Company sub-divided its ordinary shares in accordance with Section 85 of the Companies Act, 2017, whereby the par value of shares was reduced from Rs. 10 each to Rs. 1 each. This change resulted in a corresponding increase in the number of issued shares without affecting the total paid-up share capital.

18.2.2 The shares of LSE Ventures Limited in the Company are currently blocked in their CDS Account with voting rights in favour of the Buyer's Agent under the Mutual Buyout Agreement. However, the subject agreement and applicable provision therein is currently under dispute as disclosed in Note 24.2.2.

19 LEASE LIABILITIES

Lease period for the lease during current year consists of 3 years (2024: 3 years). The effective interest rate used as the discounting factor is 11.39% (2024: 22.96%). The amounts of future payments and the periods in which they will become due are:

19.1 As at June 30,

2025	-	8,641,797
2026	9,289,946	-
2027	9,986,690	-
2028	10,735,692	-
	30,012,328	8,641,797
Less: future finance charges	(3,810,688)	(424,239)
Present value of lease payments	26,201,640	8,217,558
Less: Current maturity	(9,046,122)	(8,217,558)
800	<u>17,155,518</u>	<u>-</u>

19.2 Lease payments (LP) and their present value (PV) are as follows:

	2025		2024	
	LP	PV of LP	LP	PV of LP
	Rupees			
Due not later than 1 year	9,289,946	9,046,122	8,641,797	8,217,558
Due later than 1 year but not later than 5 years	20,722,382	17,155,518	-	-
	<u>30,012,328</u>	<u>26,201,640</u>	<u>8,641,797</u>	<u>8,217,558</u>

	Note	2025 Rupees	2024 Rupees
19.3 Movement of lease liabilities			
Opening balance		8,217,558	14,080,883
Add: Addition during the year		26,201,640	-
Add: Interest expense for the year	30	424,230	2,175,559
Less: Payments made during the year		(8,641,788)	(8,038,884)
Closing balance		26,201,640	8,217,558
Less: Current portion of lease		(9,046,122)	(8,217,558)
		<u>17,155,518</u>	<u>-</u>
20 CONTRACT LIABILITIES			
Advance from customers	20.1	12,700,626	8,267,844
Deferred revenue	20.2	77,609,409	71,013,626
		<u>90,310,035</u>	<u>79,281,470</u>

20.1 This represents advance received from customers for future rating of entities.

20.2 This represents deferred revenue relating to services recognized over time.

20.3 Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period amounts to Rs. 71.01 million (2024: Rs. 75.37 million).

21 TRADE AND OTHER PAYABLES

Accrued expenses	21.1	56,761,784	54,072,017
Provident Fund payable		1,809,831	1,694,142
Workers' Welfare Fund	21.2	7,005,709	6,852,974
Withholding tax payable		6,434,586	2,017,561
Sales tax payable		8,611,993	7,213,870
		<u>80,623,903</u>	<u>71,850,564</u>

21.1 This includes balance payable to following related parties:

PACRA Analytics (Private) Limited	21.1.1	-	13,278,623
Integrated Equities Limited		2,666,364	-
LSE Capital Limited		1,524,701	-
Al Haq Securities Private Limited		41,597	-
		<u>4,232,662</u>	<u>13,278,623</u>

- 21.1.1 This represents advance received from PACRA Analytics (Private) Limited which is to be adjusted against expense incurred on behalf of the Company. This amount carries markup charged at 3 month KIBOR plus 1.5% per annum (2024: 3 month KIBOR plus 1.5% per annum).

	Note	2025 Rupees	2024 Rupees
21.2 Workers' Welfare Fund			
As at July 01,		6,852,974	3,490,049
Provision for the year	28	3,642,799	3,362,925
Payment during the year		(3,490,064)	-
As at June 30,		<u>7,005,709</u>	<u>6,852,974</u>

22 ACCRUED MARKUP

Markup on short term borrowings		-	417
Markup on inter company balances	22.1	-	3,721,778
		<u>-</u>	<u>3,722,195</u>

- 22.1 This relates to markup charged on balances outstanding to PACRA Analytics (Private) Limited at the rate of 3 month KIBOR plus 1.5% per annum (2024: 3 month KIBOR plus 1.5% per annum).

23 TAXATION - NET

Provision for taxation	23.1	48,010,678	49,479,973
Less: Advance income tax		(47,373,049)	(46,187,615)
Less: Prepaid levy		<u>(144,345)</u>	<u>(113,052)</u>
		<u>493,284</u>	<u>3,179,306</u>

- 23.1 Movement of provision for taxation is as follows:

Opening balance		49,479,974	48,610,658
Provision for the year		48,010,678	49,479,974
Less: Adjustments / payments during the year		(48,698,281)	(48,360,954)
Less: Prior year adjustment	32	<u>(781,692)</u>	<u>(249,704)</u>
		<u>48,010,679</u>	<u>49,479,974</u>

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

- 24.1.1 Tax authorities have issued notices under section 161(1)(1A) for the tax years 2014 and 2016-2021 to the Company. These were issued on account of non-deduction of withholding tax on expenses and purchases. The aggregate tax liability for 2016-2020 amounts to Rs. 23.55 million while no tax liability has been computed for tax year 2014 and tax year 2021. These cases are pending with tax officials at various forums. The management expects a favorable outcome.

- 24.1.2 The DCIR issued a notice under section 4-C for the tax year 2022 and 2024 for recovery of super tax on July 11, 2023 and February 10, 2025 respectively. Reply has been submitted and the case is pending with tax officials. The management expects a favourable outcome in this regard.
- 24.1.3 The Assistant Commissioner Sindh Revenue Board (the "ACSR") issued notice dated October 21, 2021 under section 3 and 8 of the Sindh Sales Tax on Services Act 2011 ("the Act") for the tax years 2017, 2018, 2019 and 2020 for revenue difference in SRB sales tax returns and audited accounts for above mentioned periods. The ACSR, accordingly issued a notice requiring the Company to justify or pay the short sales tax paid amounting to Rs. 33.26 million along with default surcharge to be determined at the time of payment. In compliance to this notice, the Company submitted evidences justifying the revenue declaration as well as verified copies of sales tax returns indicating that the amount of sales tax paid is correct and accurate. The assessing officer, considering the evidence provided, passed judgement dated July 02, 2022 and assessed a tax liability and imposed penalty amounting to Rs. 0.83 million and Rs. 0.76 million respectively. Against such order an appeal was filed before the Commissioner Appeals, SRB and the Company submitted a written reply. The matter is currently reserved for decision and the management expects a favourable outcome in this regard.

24.2 Commitments

- 24.2.1 JS Bank Limited has issued performance guarantee on behalf of the Company in favour of Finance Department of Government of Punjab amounting to Rs. 0.05 million (2024: Rs. 0.05 million).
- 24.2.2 During the year, under a tri-party agreement dated January 12, 2025, the majority sponsors/directors of the Company namely Mr. Mumtaz Hussain, Mr. Sardar Ali Wattoo, Mr. Usman Haider, and Mr. Adnan Afaq (the "Buyers") with Mr. Mumtaz Hussain as the Buyer's Agent entered into a Mutual Buyout Agreement (MBO) with LSE Ventures Limited (the "Seller") to acquire its entire shareholding in the Company comprising of 26.830 million shares against a consideration of Rs. 600 million, payable in 10 equal semi-instalments of Rs. 60 million each over a period of five years through assignment and payment of Buyers dividends from the Company. Any shortfall in the payment of the instalment was guaranteed by the Buyer's Agent. Under the arrangement, all shares were held in blocked form in LSE Ventures Limited's CDS account, and upon each instalment, the escrow agent was required to transfer 2.683 million shares to the Buyers. The 1st instalment under the MBO was paid on January 14, 2025, to the Sellers through a dividend from the Company (less applicable withholding tax) pursuant to which 2.683 million shares were transferred to the Buyers.

However, on June 30, 2025, LSE Ventures Limited issued a notice to terminate the MBO, and the matter is currently under dispute.

The management of the Company has stated that since this arrangement is between the Buyers and the Seller, with the Company acting only as a counterparty, they do not anticipate any impact on the operations of the Company.

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	Note	2025 Rupees	2024 Rupees
25 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET			
Income from rating business			
- Domestic		521,173,523	484,336,278
- Foreign		1,927,000	1,827,000
		523,100,523	486,163,278
Income from non rating business			
- Domestic		20,000	10,000
- Foreign	25.1	15,181,401	10,435,609
		15,201,401	10,445,609
Less: Provincial sales tax		(71,492,313)	(57,379,630)
Revenue from contracts with customers - Net		466,809,611	439,229,257

25.1 Under the Agreement for Technical Affiliation, in addition to services provided for initial setup of LRA's rating business, the Company is performing agreed upon services relating to training, rating audit and review. In accordance with IFRS 15 'Revenue from contract with customers' the Company has determined that these ongoing activities consist of distinct but substantively same services and thus can be classified as a single performance obligation.

25.2 Disaggregation of fees income

Contracts with customers is disaggregated primarily by types of rating, timing of revenue recognition and geographical market:

Type of rating services

Entity rating	313,532,037	303,345,212
Instrument rating	91,088,805	90,684,422
Vendor assessment	3,300,000	-
Fund rating	43,687,368	34,754,014
	451,608,210	428,783,648

Type of Non rating services

Consultancy services	15,201,401	10,445,609
	466,809,611	439,229,257

Timing of revenue recognition

Revenue recognized at a point in time	318,083,332	294,283,602
Revenue recognized over time	148,726,279	144,945,655
	466,809,611	439,229,257

	Note	2025 Rupees	2024 Rupees
Geographical market			
Pakistan		449,701,210	426,966,648
United Kingdom		1,927,000	1,827,000
Sri Lanka		15,181,401	10,435,609
		<u>466,809,611</u>	<u>439,229,257</u>
26 REMUNERATION COST			
Salaries and other benefits	26.1	227,851,086	207,316,519
Retired employee benefits		2,042,329	1,820,599
External rating committee member fee		10,901,408	9,370,112
Advisory / consultancy fee		-	100,000
		<u>240,794,823</u>	<u>218,607,230</u>
26.1 Salaries and other benefits include Rs. 8.06 million (2024: Rs. 7.15 million) in respect of contribution to provident fund.			
27 INFRASTRUCTURE COST			
Rent, rates and taxes		3,825,252	2,734,456
Utilities		6,287,816	6,108,269
Technology and related expenses		5,859,126	6,894,864
Repairs and maintenance		2,193,587	1,823,305
Depreciation on operating fixed assets		7,813,292	7,656,139
Amortization on intangible assets	8.2.1	2,467,652	1,934,360
Depreciation on right of use asset	9.1	6,254,321	4,352,758
Loss on disposal of operating fixed assets		40,557	-
Others		2,986,442	1,356,352
		<u>37,728,045</u>	<u>32,860,503</u>
28 ADMINISTRATIVE COST			
Directors' meeting expense	28.1	5,050,000	5,550,000
Legal and professional charge		4,333,370	6,394,778
Entertainment and related expense		5,917,788	6,117,896
Travelling, food and accommodation		4,857,065	4,315,793
Auditors' remuneration	28.2	2,442,600	1,200,000
Tax advisory, consultancy and fees		4,126,427	2,757,979
Workers' Welfare Fund	21.2	3,642,799	3,362,925
Communication and related expense		1,150,109	1,284,886
Mess expense		647,555	766,138
Others		2,678,737	2,437,036
800		<u>34,846,450</u>	<u>34,187,431</u>

- 28.1 This represents the meeting fee paid to Directors of the Company for attending the meetings held during the year.

	Note	2025 Rupees	2024 Rupees
28.2 Auditors' remuneration			
Statutory audit fee		1,200,000	1,150,000
Out of pocket expense		62,600	50,000
Certificates and other assurance engagements		1,180,000	-
		<u>2,442,600</u>	<u>1,200,000</u>

29 OTHER INCOME

Markup on savings accounts		9,399,757	4,373,491
Gain on disposal of operating fixed assets		-	7,025
Markup on loan given to the Associate		-	4,118,416
Dividend income		17,000,000	-
Profit on short term investments	16	1,824,895	6,840,068
Reimbursement from clients		2,156,915	2,329,469
Miscellaneous income		153,401	142,757
		<u>30,534,968</u>	<u>17,811,226</u>

30 FINANCE COST

Markup on short term borrowings		-	30,412
Finance cost on lease liabilities	19	424,230	2,175,559
Markup on inter company balances	22	721,238	3,721,778
Bank charges		58,970	101,437
		<u>1,204,438</u>	<u>6,029,186</u>

31 LEVY

Levy	31.1	<u>171,084</u>	<u>122,626</u>
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- 31.1 This represents final tax paid under section 154(1)(b) of Income Tax Ordinance, 2001 ("the Ordinance"), representing levy in terms of requirements of IFRIC 21/IAS 37.

32 TAXATION

Current tax			
- Current		47,839,594	49,357,348
- Prior	32.3	<u>2,618,741</u>	<u>(249,704)</u>
		50,458,335	49,107,644
Deferred tax - relating to origination of temporary differences	12	<u>217,263</u>	<u>430,303</u>
		<u>50,675,598</u>	<u>49,537,947</u>

	Note	2025 Rupees	2024 Rupees
32.1	Current tax liability for the year as per the Ordinance	50,629,419	49,230,270
	Portion of current tax liability as per tax laws, representing income tax under IAS 12	(50,458,335)	(49,107,644)
	Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37	<u>(171,084)</u>	<u>(122,626)</u>
		<u>-</u>	<u>-</u>
32.2	The aggregate of final tax and current income tax amounting to Rs. 50.63 million (2024: Rs. 49.23 million) represents tax liability of the Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.		
32.3	This includes disallowance of certain expenses pertaining previous tax years, which led to a revised assessment and payment of Rs. 3.40 million (2024: Rs. Nil).		
32.4	The Company has obtained approval for group taxation on October 24, 2023. On the basis of this, the Company is anticipated to fall under normal tax regime (NTR). The Company has opted for approach 2 of IAS 12 Income tax guideline issued by the Institute of Chartered Accountants of Pakistan.		

	Note	2025 Rupees	2024 Rupees Restated
33	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit for the year	<u>127,650,451</u>	<u>115,122,767</u>
		Numbers	Numbers
	Weighted average number of ordinary shares outstanding during the year	<u>74,529,000</u>	<u>74,529,000</u>
		Rupees	Rupees
	Earnings per share - basic and diluted	<u>1.71</u>	<u>1.54</u>
33.1	Basic earnings per share has been calculated by dividing the profit attributable to equity holders of the Company by weighted average number of ordinary shares.		

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34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial liabilities include short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities. The major portion of these financial liabilities include short-term borrowing that is availed to meet the working capital requirements. The Company's financial assets include long term deposits, trade debts, receivable from related parties, short term investment, and cash and bank balances.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the risk profile and is supported by the finance department that advises on financial risks and the appropriate financial risk governance framework for the Company. This department also provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and risk appetite. The Board of Directors reviews and approves policies for managing each of these risks which are summarized below:

34.1 Market risk

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debts and the proportion of financial instruments in foreign currencies are all constant.

The sensitivity analysis has been based on the assumption that the sensitivity of the relevant profit or loss item is the effect of the assumed changes in respect of market risks. This is based on the financial assets and financial liabilities held at June 30, 2025 and June 30, 2024.

34.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company, are periodically restated to Pak Rupee equivalent and the associated gain or loss is taken to the statement of profit or loss.

The Company is exposed to currency risk on trade debts that are denominated in a currency other than the functional currency primarily U.S. Dollars (USD).

Particulars	2025	2024
Assets		
Trade debts - USD	<u>113,500</u>	<u>115,000</u>
800		

34.1.2 Exchange rate applied during the year

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

	Average rate for the year		Reporting date rate	
	2025	2024	2025	2024
USD to PKR	281.28	282.95	283.76	278.80

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before income tax.

Changes in rates	2025 Rupees	2024 Rupees
	Effect on profit before income tax	
+1%	322,068	320,620
-1%	(322,068)	(320,620)

The effect may be respectively lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments.

Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

34.1.3 Other price risk

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

34.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counter parties. The Company does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the Company applies approved credit limits to its customers. Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily for trade debts.

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The management monitors and limits the Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for expected credit loss, if any, and through the prudent use of collateral policy. Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits and quality are established for all customers based on individual customer evaluation.

The Company is exposed to credit risk on long term deposits, trade debts, receivable from related parties, loan to an associate, short term investment and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Note	2025 Rupees	2024 Rupees
Long term deposits		1,335,300	1,335,300
Trade debts - unsecured	13	85,722,362	74,328,304
Receivable from related parties	14	15,349,662	651,676
Short term investment	16	-	39,048,345
Bank balances	17	117,529,442	54,876,026
		<u>219,936,766</u>	<u>170,239,651</u>

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party defaults as shown below:

	Exposure at default Rupees	Expected credit loss Rupees	Expected credit loss rate rate
34.2.1 Trade Debts			
June 30, 2025			
Past due:			
1-90 days	67,359,524	570,968	0.85%
91-180 days	7,021,399	432,426	6.16%
181-270 days	4,181,523	1,301,003	31.11%
271-365 days	2,360,642	2,140,046	90.66%
Above 365 days	4,799,274	1,784,751	37.19%
	<u>85,722,362</u>	<u>6,229,194</u>	
June 30, 2024			
Past due:			
1-90 days	60,279,888	259,204	0.43%
91-180 days	6,403,754	756,924	11.82%
181-270 days	623,274	144,039	23.11%
271-365 days	1,246,610	445,066	35.70%
Above 365 days	5,774,778	5,774,778	100%
	<u>74,328,304</u>	<u>7,380,011</u>	

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The information about the credit risk exposure on the Company's trade debts using a provision matrix is given above.

34.2.2 Bank balances

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Chief Executive. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Financial institution

Ratings		
Agency	Short Term	Long term

Bank balances

Bank AL Habib Limited	PACRA	A1+	AAA
JS Bank Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A1+	AAA
Samba Bank Limited	PACRA	AA	A1

34.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Carrying amount	Contractual cash flows	Within one year	More than one year
Rupees			

June 30, 2025

Financial liabilities

Lease liabilities	26,201,640	26,201,640	9,046,122	17,155,518
Trade and other payables	65,577,324	65,577,324	65,577,324	-
800	91,778,964	91,778,964	74,623,446	17,155,518

Carrying amount	Contractual cash flows	Within one year	More than one year
Rupees			

June 30, 2024

Financial liabilities

Lease liabilities	8,217,558	8,641,797	8,641,797	-
Accrued markup	3,722,195	3,722,195	3,722,195	-
Trade and other payables	62,619,133	62,619,133	62,619,133	-
	<u>74,558,886</u>	<u>74,983,125</u>	<u>74,983,125</u>	<u>-</u>

34.4 Changes in liabilities arising from financing activities

As at July 01,	Cash flows	Additions	Others	As at June 30,
Rupees				

June 30, 2025

Lease liabilities	8,217,558	(8,641,788)	26,201,640	424,230	26,201,640
Accrued markup	3,722,195	(4,443,016)	721,238	-	417
	<u>11,939,753</u>	<u>(13,084,804)</u>	<u>26,922,878</u>	<u>424,230</u>	<u>26,202,057</u>

June 30, 2024

Lease liabilities	14,080,883	(8,038,884)	-	2,175,559	8,217,558
Accrued markup	30,034	(60,027)	3,752,189	-	3,722,196
	<u>14,110,917</u>	<u>(8,098,911)</u>	<u>3,752,189</u>	<u>2,175,559</u>	<u>11,939,754</u>

34.5 Financial instruments by categories

At fair value through OCI	At fair value through profit or loss	At amortized cost	Total
Rupees			

June 30, 2025

Financial assets

Long term deposits	-	-	1,335,300	1,335,300
Trade debts - Unsecured	-	-	85,722,362	85,722,362
Receivable from related parties	-	-	15,349,662	15,349,662
Bank balances	-	-	117,529,442	117,529,442
	<u>-</u>	<u>-</u>	<u>219,936,766</u>	<u>219,936,766</u>

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At fair value through OCI	At fair value through profit or loss	At amortized cost	Total
Rupees			

Financial liabilities

Lease liabilities	-	-	26,201,640	26,201,640
Trade and other payables	-	-	65,577,324	65,577,324
	-	-	91,778,964	91,778,964

June 30, 2024

Financial assets

Long term deposits	-	-	1,335,300	1,335,300
Trade debts - Unsecured	-	-	74,328,304	74,328,304
Receivable from related parties	-	-	651,676	651,676
Short term	-	-	39,048,345	39,048,345
Bank balances	-	-	54,876,026	54,876,026
	-	-	170,239,651	170,239,651

Financial liabilities

Lease liabilities	-	-	8,217,558	8,217,558
Accrued markup	-	-	3,722,195	3,722,195
Trade and other payables	-	-	54,072,016	54,072,016
	-	-	66,011,769	66,011,769

35 FINANCIAL AND NON FINANCIAL INSTRUMENTS - FAIR VALUES

Fair value measurement of financial and non financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of all the financial and non financial instruments reflected in these financial statements approximate to their fair value.

The following table shows assets recognized at fair value, analyzed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of the reporting date, the Company does not have any financial and non financial assets carried at fair value that required categorization in Level 1, Level 2 and Level 3.

36 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of Subsidiary Company, Associated Company, Company's directors and key management personnel. Balances with related parties are disclosed in respective notes to the unconsolidated financial statements. Significant transactions with related parties other than those disclosed elsewhere in the unconsolidated financial statements are as follows:

Name of related party	Nature of transaction	2025 Rupees	2024 Rupees
	Dividend received from subsidiary	17,000,000	-
	Loan repaid to subsidiary	15,931,000	-
PACRA Analytics (Private) Limited - a wholly owned subsidiary company	Expenses paid on behalf of the subsidiary	11,805,498	5,084,398
	Expenses paid by subsidiary on behalf of the Company	-	3,544,000
	Markup on advances charged by the subsidiary company	721,238	3,721,778
	Investment in associate during the year	-	5,733,000
	Amount on account of loan repayment	-	30,000,000
	Amount on account of advance for purchase of shares repaid by associated company	-	12,733,007
Tasdeeq Information Services Limited - Associate (15.57% owned)	Expenses paid on behalf of the associated company	3,202,836	2,416,225
	Expenses paid by associated company on behalf of the Company	464,312	1,129,434
	Markup on loan charged to associated company	-	4,118,416
	Markup paid by associated company	-	5,994,262

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Name of related party	Nature of transaction	Note	2025 Rupees	2024 Rupees
Lanka Rating Agency Limited - investee	Income from services provided by the Company		15,181,401	10,435,609
	Receipt from the related party		15,288,365	11,305,242
TenX (Private) Limited - an associate due to common directorship	Expenses paid on behalf of the associated company		333,453	1,539,628
	Receipts from the associated company		723,746	2,215,866
Integrated Equities Limited - an associate due to common directorship	Financial advisory services for listing on GEM Board from associated company		2,516,127	-
	Brokerage commission to associated company		376,688	-
LSE Capital Limited - an associate due to common directorship	Consultancy services for listing on GEM Board from associated company		1,160,000	-
	Expenses paid by associated company on behalf of the Company		364,701	-
Al Haq Securities Private Limited - an associate due to common directorship	Brokerage commission to associated company		47,270	-
Post employment benefits	Contributions to Provident Fund Trust		8,056,433	7,154,497
Usman Haider (14.3% equity held)	Dividend paid		11,203,369	19,569,423
	Shortfall in deduction of withholding tax from CEO	36.1	2,334,288	-
LSE Ventures Limited (32.4% equity held)	Dividend paid		29,875,673	52,185,045
Mumtaz Hussain Syed (18.5% equity held)	Dividend paid		22,406,738	39,138,846
Sardar Ali Watto (14.3% equity held)	Dividend paid		11,203,380	19,569,442
Muhammad Adnan Afaq (10.6% equity held)	Dividend paid		8,298,804	14,495,891

Name of related party	Nature of transaction	2025 Rupees	2024 Rupees
Other Directors (0.00009% equity held)	Dividend paid	78	257

36.1 This represents a shortfall in deduction of withholding tax from the salary of the CEO. The amount has been subsequently received and settled within the tax year 2024-2025.

36.2 Outstanding balances of related parties are disclosed in the relevant notes to the unconsolidated financial statements.

36.3 Particulars of Related Parties Incorporated Outside Pakistan

Name of related party	Lanka Rating Agency Limited
Registered Address	No. 145, Kynsey Road, Colombo 8, Sri Lanka
Country of incorporation	Sri Lanka
Basis of association	Investee
Average percentage of shareholding	13.70%
Shareholding through other entities	N/A
Chief Executive	Kenneth Gordon Christie De Zilwa
Operational Status	To provide services as an approved credit rating agency in Sri Lanka.
Auditors' opinion on latest available financial statements	Unmodified opinion

36.4 The details of compensation paid to key management personnel are shown under the heading of 'Remuneration of Chief Executive, Directors and Executive Note 37. There are no transactions with key management personnel other than under their terms of employment except otherwise stated.

36.5 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of its management team, including the Chief Executive Officer and the Directors to be key management personnel.

36.6 Names of related parties along with basis of relationship, with whom the Company may or may not have entered into transactions during the year, are as follows:

Name of related party	Basis of relationship	2025	2024
Percentage of shareholding			
PACRA Analytics (Private) Limited	Shareholding	100%	100%
Tasdeeq Information Services Limited	Associated company	15.57%	15.57%
Lanka Rating Agency Limited	Investee company	13.70%	13.70%
TenX (Private) Limited	Common directorship	-	-
LSE Capital Limited	Common directorship	-	-
Integrated Equities Limited	Common directorship	-	-
Al Haq Securities Private Limited	Common directorship	-	-

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37 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Non-executive directors		Executives	
	2025	2024	2025	2024	2025	2024
	Rupees					
Managerial remuneration	30,000,000	24,000,000	-	-	108,768,000	105,630,024
Contribution to provident fund	1,303,696	1,042,829	-	-	4,609,207	4,572,398
Bonus	5,488,718	6,327,254	-	-	25,544,636	27,461,123
Meeting fee	-	-	5,050,000	5,550,000	-	-
Reimbursable expenses	-	-	-	-	1,014,529	954,316
	36,792,414	31,370,083	5,050,000	5,550,000	139,936,372	138,617,861
Number	1	1	6	8	26	31

37.1 Executives includes employees other than chief executive officer and directors whose basic salary exceeds Rs. 1,200,000 during the year.

37.2 Managerial remuneration includes salaries and wages.

37.3 Directors' fee is paid for attending meetings of Board of Directors.

37.4 The Company has 7 (June 30, 2024: 9) Directors including Chief Executive Officer and Independent Directors. No remuneration, other than meeting fee, is being paid to any Director except Chief Executive Officer.

38 NUMBER OF EMPLOYEES

	2025	2024
Number of employees as at June 30,	82	85
Average number of employees for the year	82	90

39 CORRESPONDING FIGURES

Corresponding figures where necessary, have been rearranged for the purpose of comparison. However no significant rearrangement or reclassification has been made during the year ended June 30, 2025 except the following:

Description	Note	From	To	Rupees
Statement of Financial position				
Reclassification of remuneration and related cost payable	21	Remuneration and related cost payable	Accrued expenses	37,339,565

Description	Note	From	To	Rupees
Reclassification of due to related parties	21	Due to related parties	Accrued expenses	13,278,623

40 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors in their meeting held on October 06, 2025 have proposed a final cash dividend for the year ended June 30, 2025 at the rate of Rs. NIL per share (2024: Rs. Nil per share).

41 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on 06-OCT-25 by the Board of Directors of the Company.

42 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

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Moman Haider

CHIEF EXECUTIVE OFFICER

M Z.

DIRECTOR

Sajjad Iqbal

CHIEF FINANCIAL OFFICER



**CONSOLIDATED FINANCIAL STATEMENTS
OF
THE PAKISTAN CREDIT RATING AGENCY LIMITED
FOR THE YEAR ENDED
JUNE 30, 2025**

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.



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Pakistan.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE PAKISTAN CREDIT RATING AGENCY LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **The Pakistan Credit Rating Agency Limited (the Group)**, which comprise the consolidated statement of financial position as at June 30, 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a material accounting policies information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 *Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report*. We are independent of the Group 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No	Key audit matter	How the matter was addressed in our audit
1.	Revenue Recognition As described in Notes 6.15 and 24 to the accompanying consolidated financial statements, the Group's revenue is derived from rating and non-rating services. During the year ended June 30, 2025, the Group generated net revenue of Rs. 487.42 million as compared to Rs. 440.92 million	Our audit procedures amongst others included the following: • Obtained an understanding of the Company's revenue recognition processes and internal controls, and tested their efficacy on a sample basis, including timing;



S. No	Key audit matter	How the matter was addressed in our audit
	during the previous year, which represents an increase of approximately 10.55% as compared to last year. Given the significance of revenue as a key performance indicator and the attention required to ensure the accurate recognition of revenue, we identified revenue recognition as a key audit matter.	• Checked the appropriateness of the Group's revenue recognition policies and procedures to ensure compliance with International Financial Reporting Standards (IFRS) as applicable in Pakistan; • Performed test of details on a sample of transactions and supporting documentation which involved verifying agreements, invoices, dissemination reports, receipts and conducting additional detailed procedures; • Recalculated the revenue and contract liability on sample basis to verify that the revenue is recorded accurately and in the correct accounting period. • Reconciled sales reported in the sales tax returns with those in the internal sales reports. This included comparing the figures, investigating any discrepancies, and ensuring that all sales were accurately recorded and properly reported for tax purposes; • Performed reconciliation of sales with debtor balances to assess the accuracy and completeness of sales and receivables. This involved comparing reported figures, investigating variances, and verifying that sales transactions were properly recorded and appropriately reflected in the receivable ledger; • Carried out sequential testing of sales invoices to ensure completeness and accuracy of revenue recognition. This



S. No	Key audit matter	How the matter was addressed in our audit
		included checking that invoices were recorded in proper sequence, with no missing or duplicate invoices; - Performed cut-off procedures on near year-end sales to ensure revenue has been recorded in the correct period; and - Checked the appropriateness and adequacy of the disclosures provided in Note 24 to the consolidated financial statements in accordance with relevant accounting standards.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our Auditors' report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Group's financial reporting process.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the consolidated 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 Auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent Auditors' report is Sajjad Hussain Gill.

LAHORE

DATED: October 07, 2025

UDIN: AR202510087IU6cHVm3B

BDO Ebrahim & Co.
BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

THE PAKISTAN CREDIT RATING AGENCY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	7	13,026,337	19,326,133
Intangible assets	8	1,278,431	3,746,083
Right of use assets	9	26,201,640	6,254,321
Long term investments	10	54,041,712	59,393,294
Long term deposits	11	1,335,300	1,335,300
Deferred taxation	12	5,766,815	5,984,077
		<u>101,650,235</u>	<u>96,039,208</u>
CURRENT ASSETS			
Trade debts	13	117,862,744	100,166,970
Receivable from related parties	14	7,740,445	651,676
Advances, prepayments and other receivables	15	4,793,945	5,176,796
Short term investment	16	-	39,048,345
Cash and bank balances	17	128,342,080	54,892,965
		<u>258,739,214</u>	<u>199,936,752</u>
TOTAL ASSETS		<u>360,389,449</u>	<u>295,975,960</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
125,000,000 (June 30, 2024: 12,500,000) ordinary shares of Rs. 1 (June 30, 2024: Rs. 10) each	18.1	125,000,000	125,000,000
Issued, subscribed and paid-up share capital	18.2	74,529,000	74,529,000
Unappropriated profit - revenue reserve		86,102,691	70,921,195
		<u>160,631,691</u>	<u>145,450,195</u>
NON CURRENT LIABILITIES			
Lease liabilities	19	17,155,518	-
CURRENT LIABILITIES			
Current portion of lease liabilities	19	9,046,122	8,217,558
Contract liabilities	20	90,310,034	79,956,513
Trade and other payables	21	82,298,981	59,220,242
Accrued markup		-	417
Taxation - net	22	947,103	3,131,035
		<u>182,602,240</u>	<u>150,525,765</u>
TOTAL EQUITY AND LIABILITIES		<u>360,389,449</u>	<u>295,975,960</u>
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

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Moman Khader

CHIEF EXECUTIVE OFFICER

Sajjad Gulman

CHIEF FINANCIAL OFFICER

M Z

DIRECTOR

THE PAKISTAN CREDIT RATING AGENCY LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
Revenue from contracts with customers - net	24	487,417,298	440,919,257
Remuneration cost	25	(250,142,123)	(222,303,230)
Infrastructure cost	26	(37,728,045)	(32,886,221)
Administrative cost	27	(38,782,001)	(35,317,150)
		<u>(326,652,169)</u>	<u>(290,506,601)</u>
Operating profit		160,765,129	150,412,656
Allowance for expected credit loss on trade debts	13	(4,273,690)	(572,793)
Other income	28	14,781,952	18,154,899
Finance cost	29	(483,269)	(2,308,909)
Share of loss of associated company		(5,351,582)	(12,184,120)
Profit before income tax and levy		165,438,540	153,501,733
Levy	30	(171,084)	(122,626)
Profit before income tax		165,267,456	153,379,107
Income tax	31	(52,452,970)	(49,701,788)
Profit for the year		<u>112,814,486</u>	<u>103,677,319</u>
			Restated
Earnings per share - basic and diluted	32	<u>1.51</u>	<u>1.39</u>

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

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CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

THE PAKISTAN CREDIT RATING AGENCY LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

	2025 Rupees	2024 Rupees
Profit for the year	112,814,486	103,677,319
Other comprehensive income	-	-
Items that will not be reclassified to profit or loss in subsequent years	-	-
Items that may be reclassified to profit or loss in subsequent years	-	-
Total comprehensive income for the year	112,814,486	103,677,319

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

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Manan Maidev

CHIEF EXECUTIVE OFFICER

Sajid Salman

CHIEF FINANCIAL OFFICER

[Signature]

DIRECTOR

THE PAKISTAN CREDIT RATING AGENCY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2025

	Issued, subscribed and paid-up share capital	Revenue reserve Unappropriated profits	Total
	Rupees		
Balance as at July 01, 2023	74,529,000	112,202,781	186,731,781
Profit for the year	-	103,677,319	103,677,319
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	103,677,319	103,677,319
Second interim dividend for the year ended June 30, 2023 at the rate of Rs. 9 per share	-	(67,076,100)	(67,076,100)
Final dividend for the year ended June 30, 2023 at the rate of Rs. 3.45 per share	-	(25,712,505)	(25,712,505)
Interim dividend for the year ended June 30, 2024 at the rate of Rs. 7 per share	-	(52,170,300)	(52,170,300)
Balance as at June 30, 2024	74,529,000	70,921,195	145,450,195
Profit for the year	-	112,814,486	112,814,486
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	112,814,486	112,814,486
Interim dividend for the year ended June 30, 2025 at the rate of Rs. 1.31 per share	-	(97,632,990)	(97,632,990)
Balance as at June 30, 2025	74,529,000	86,102,691	160,631,691

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

By



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

THE PAKISTAN CREDIT RATING AGENCY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income tax and levy		165,438,540	153,501,733
Adjustment for non cash and other items:			
Depreciation on operating fixed assets	7	7,813,292	7,656,139
Depreciation on right of use assets	9	6,254,321	4,352,758
Amortization on intangible assets	8	2,467,652	1,934,360
Workers' Welfare Fund	27	3,642,799	3,362,925
Allowance for expected credit loss	13	4,273,690	572,793
Financial charges on lease	29	424,230	2,308,909
Markup on savings accounts	28	(9,854,014)	(4,717,164)
Markup on loan given to the Associate	28	-	(4,118,416)
Profit on short term investments	28	(1,824,895)	(6,840,068)
Share of loss of associated company	10	5,351,582	12,184,120
Loss / (gain) on disposal of operating fixed assets	26	40,557	(7,025)
		<u>18,589,214</u>	<u>16,689,331</u>
Operating profit before working capital changes		184,027,754	170,191,064
Working capital changes:			
(Increase) / decrease in current assets:			
Trade debts - Unsecured	13	(21,969,464)	(16,756,543)
Receivable from related parties	14	(2,856,107)	12,122,454
Advances, prepayments and other receivables	15	382,851	(1,334,665)
Increase / (decrease) in current liabilities:			
Trade and other payables	21	18,692,925	(1,242,315)
Contract liabilities	20	10,353,521	(27,305,646)
		<u>4,603,726</u>	<u>(34,516,715)</u>
Cash generated from operations		188,631,480	135,674,349
Finance cost paid		-	(2,338,525)
Workers' Welfare Fund paid	21	(3,490,064)	-
Income tax paid		<u>(54,590,724)</u>	<u>(55,254,589)</u>
Net cash flows generated from operating activities		130,550,692	78,081,235
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets	7	(1,586,553)	(1,998,223)
Proceeds from disposal of operating fixed assets	7	32,500	60,000
Purchase of intangible assets	8	-	(1,881,000)
Short term investment - net	16	39,048,345	5,169,288
Long term investment		-	(5,733,000)
Interest received	28	11,678,909	19,936,408
Net cash generated from investing activities		49,173,201	15,553,473
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liabilities	19	(8,641,788)	(8,038,884)
Dividend paid		(97,632,990)	(144,958,905)
Repayment of loan from associated company		-	30,000,000
Net cash used in financing activities		(106,274,778)	(122,997,789)
Net increase / (decrease) in cash and cash equivalents		73,449,115	(29,363,081)
Cash and cash equivalents at the beginning of the year		54,892,965	84,256,046
Cash and cash equivalents at the end of the year		<u>128,342,080</u>	<u>54,892,965</u>

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

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CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

THE PAKISTAN CREDIT RATING AGENCY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1 STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of The Pakistan Credit Rating Agency Limited ("Parent / the Holding Company"), PACRA Analytics (Private) Limited ("the Subsidiary"), Tasdeeq Information Services Limited ("the Associate"), and Lanka Rating Agency Limited ("the Investee"), together "the Group".

1.2 The Group consists of:

Name of the Company	Relationship	% age of direct shareholding	% age of effective shareholding
PACRA Analytics (Private) Limited	Subsidiary	100%	100%
Tasdeeq Information Services Limited (TISL)	Associate	15.57%	15.57%
Lanka Rating Agency	Investee	13.70%	13.70%

1.3 Corporate and general information

1.3.1 The Pakistan Credit Rating Agency Limited - the Holding Company

The Holding Company was incorporated as a private limited company in Pakistan on August 18, 1994, converted into a public limited company on April 30, 2004 and converted into listed company on June 30, 2025. The business of the Holding Company is to carry out risk evaluation of companies and specific instruments. The evaluation is expressed in terms of assigned credit rating to the entity or the instrument reflecting the capacity to honor its debt or other fixed term obligations. The registered office of the Holding Company is situated at Awami Complex, FB-1, Usman Block, New Garden Town, Lahore.

1.3.2 PACRA Analytics (Private) Limited - the Subsidiary Company

The Subsidiary Company was incorporated as a private limited company in Pakistan on January 04, 2010 under the Companies Ordinance, 1984 (superseded by the Companies Act, 2017), and is a wholly owned subsidiary of the Holding Company. The objectives of the Subsidiary Company are to carry on business as management and financial consultants, risk managers, project manager, tax and trust consultants, planners, advisors, accountants, share registrars, surveyors, assessors, supervisors, promoters and / or technical advisors of or for any person, company, trust, banks and financial institutions. The registered office is situated at Awami Complex, FB-1, Usman Block, New Garden Town, Lahore.

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1.3.3 Tasdeeq Information Services Limited - the Associate

The Associate was incorporated in Pakistan on March 25, 2016 as a public limited company under the Companies Ordinance, 1984 (repealed by the Companies Act, 2017). The Associate's registered office is located at Building 8, Sector B, Commercial Area, Phase V, DHA, Lahore. The main objective of the Associate is to carry out the business of a Credit Information Company for collecting credit information as permissible by law relating to debtors of banks, financial institutions, non-banking financial institutions, non-financial companies and other lenders or authorities including retailers, insurance companies, utility providers and also to collect and maintain any credit information, with respect to individuals, partnerships, corporations, institutions, trusts, estates, cooperatives, associations, Government or Governmental subdivisions or agencies or any other entity.

During the year, the Associate has announced a right shares issue which the Group opted not to subscribe. Subsequent to the year-end, following the allotment, the Group's shareholding was diluted to 12.84%.

1.3.4 Lanka Rating Agency Limited - Investee

The Investee was incorporated in Sri Lanka. The registered office is situated at No. 145, Kynsey Road, Colombo 8, Sri Lanka. The main objective of the Investee is to provide services as an approved credit rating agency in Sri Lanka.

In March 2021, the Group entered into an agreement with the Investee, Sri Lanka, to acquire 26.8 million shares (15% of LRA's planned issuance) without consideration, issued in two tranches during FY 2021 and FY 2023. The Group also signed a five-year technical affiliation agreement for annual service fees. The Group holds an option to sell these shares back to the Investee after five years at LKR 2 per share. However, considering the financial condition and non-performance risk, the fair value of the shares was rounded to zero at inception and continues to be rounded to zero as of the reporting date. In January 2024, the Investee announced a rights issue under which the Group subscribed to 7.044 million shares through a conversion of its receivables from the Investee. However, the allotment of these shares is still pending completion of regulatory formalities. Pending this allotment, the Group's shareholding has been reduced to 13.7% as of the reporting date. Furthermore, the Investee reduced 175 million shares from its total paid-up capital of 179.9 million shares, with the necessary approvals and consent of shareholders resulting in the reduction of number of shares the Group has in the Investee to 0.73 million shares.

2 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNIT

The registered office of the Holding Company is situated at Awami Complex, FB-1, Usman Block, New Garden Town, Lahore.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017;
- Credit Rating Companies regulations (CRC), 2016; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, IFAS and CRC, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, unless otherwise stated.

3.3 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees ("Rs"), which is the functional and presentation currency for the Group.

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2025

The following standards, amendments and interpretations are effective for the year ended June 30, 2025. These standards, amendments and interpretations are either not relevant to the Group's operations or did not have significant impact on the consolidated financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024

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4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Group's operations or are not expected to have significant impact on the Group's consolidated financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
IFRS 17 Insurance Contracts	January 01, 2027

Certain annual improvements have also been made to a number of IFRSs and IASs.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2027.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

	Notes
Impairment of non-financial assets	6.5
Allowance for expected credit loss	6.10
Taxation	6.17

6 MATERIAL ACCOUNTING POLICIES INFORMATION

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

6.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary. The Group uses the acquisition method of accounting to account for business combination. The consideration transferred is the fair value of the assets transferred, the liabilities assumed and the equity interest issued by the Group, if any. The Group recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the identifiable net assets of the acquiree. The financial statement of the Holding Company and its subsidiary are prepared up to the same reporting date using consistent accounting policy except as stated otherwise.

The Group policy related to acquisition of the subsidiary's identifiable assets acquired and liabilities assumed in the acquisition are measured initially at their fair value at the date of acquisition. Goodwill (if any) is initially measured as the excess of the aggregate of the consideration transferred and the value of non-controlling interest using proportionate share method over the net identifiable assets acquired and liabilities assumed.

If this is less than the fair value of the net asset of the subsidiary acquired, the difference is recognized in the consolidated statement of profit or loss. After initial recognition it is measured at carrying value i.e. at date of acquisition less any accumulated impairment.

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The financial statements of subsidiary has been consolidated on line by line basis. Intra company balances, transactions, income and expenses have been eliminated. Assets, liabilities, income and expense have been consolidated from the date the Holding Company acquired the control of the subsidiary till the control cease to exist. Unrealized gain or loss on intra company transactions are also eliminated but unrealized losses are however recognized to the extent of impairment, if any.

6.1.1 Disposal of subsidiary

When the Group ceases to consolidate an investment in subsidiary because of a loss of control, any retained interest in the subsidiary is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to consolidated statement of profit or loss.

6.2 Business combinations and goodwill

6.2.1 Acquisition method of accounting

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

6.3 Operating fixed assets

6.3.1 Owned assets

Items of operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and includes other costs directly attributable to the acquisition or construction including expenditures on material, labor and overheads directly relating to construction, erection and installation of operating fixed assets.

The residual values, useful lives and methods of depreciation of operating fixed assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Normal repairs and maintenance are charged to consolidated statement of profit or loss, as and when incurred.

6.3.2 Depreciation

Depreciation charged on all operating fixed assets, is based on the straight line method so as to write off the historical cost of an asset over its estimated useful life at rates mentioned in Note 7 after taking into account their residual values. Depreciation on additions is charged from the month in which these are capitalized, while no depreciation is charged in the month in which an asset is disposed off.

6.3.3 Disposal

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on sale of an item of operating fixed assets are determined by comparing the proceeds from sale with the carrying amount of operating fixed assets, and are recognized in the consolidated statement of profit or loss.

6.4 Intangible assets

Intangible assets are stated at cost less accumulated amortization for intangible assets and any identified impairment loss. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortized using straight-line method at rates mentioned in Note 8 to these consolidated financial statements. Amortization on additions to intangible assets is charged from the month in which an asset is put to use and on disposal up to the month of disposal. Gains and losses on disposal of assets are recognized in the consolidated statement of profit or loss.

6.5 Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized as expense. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is charged, the depreciation charge is adjusted for the future periods to allocate the asset's revised carrying amount over its estimated useful life.

6.6 Leases

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

Group as lessee

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

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation, impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

6.7 Long term investments

6.7.1 Investments in equity instruments of associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

6.8 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances.

6.9 Financial instruments - Initial recognition and subsequent measurement

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

6.10 Financial assets

Financial assets - Initial recognition

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade debts and bank balance that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade debts that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include long term deposits, trade debts, receivable from related parties, short term investment, and cash and bank balances.

Financial assets - Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a) Financial assets at fair value through profit or loss
- b) Financial assets at amortized cost (debt instruments)
- c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the consolidated statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Group does not have financial assets recorded at fair value through profit or loss.

b) Financial assets at amortized cost (debt instruments)

This category is most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized costs includes long term deposits, trade debts, loans to an associate, receivable from related parties, short term investment, and cash and bank balances.

c) **Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have any financial assets designated at fair value through OCI (equity instruments).

d) **Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)**

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

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Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial assets - Impairment

The Group recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade debts, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognized in the statement of profit or loss. The impact of ECL on trade debts is disclosed in Note 13.

For bank balances, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Group reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the consolidated statement of profit or loss.

6.11 Financial liabilities

Financial liabilities - Initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

Financial liabilities - Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

This category applies to short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

Financial liabilities - Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

6.12 Offsetting of financial assets and financial liabilities

A financial asset and financial liability are offset and the net amount is reported in the consolidated statement of financial position if the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

6.13 Employee benefits

Defined contribution plan

The Group operated a defined contributory approved Provident Fund Trust for all its employees. Equal monthly contributions are made both by the Group and employees at the rate of 5% (2024: 5%) of the basic salary to the Provident Fund Trust. The obligation for contributions to defined contribution plan is expensed as the related service is provided.

6.14 Contingent liabilities

A contingent liability is disclosed when:

- i) there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- ii) there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

6.15 Revenue from contracts with customers

6.15.1 Revenue recognition

Revenue is recognized when services are rendered to the customer, in an amount that reflects the consideration the Group expects to be entitled to those services excluding sales tax and after deduction of discounts. Specific revenue and other income recognition policies are as follows:

6.15.1.1 Fee income

a) Rating

Revenue from rating services is recognized at point in time when services are rendered to the customer.

b) Monitoring

Revenue attributed to monitoring is recognized over the period in which monitoring is performed, generally one year.

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6.15.2 Dividends

Dividend income is recognized when the Group's right to receive payment is established.

6.15.3 Interest income

Interest income is recognized as it accrues under the effective interest method.

6.16 Contract balances

Contract asset

A contract asset is the right to consideration for rendering of services if the Group is providing services to customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liability

A contract liability is the obligation to render services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group render services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

6.17 Taxation

6.17.1 Current

Current tax is the expected tax payable on the taxable income for the year based on taxable profits, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The Holding Company has obtained approval for group taxation on October 24, 2023. On the basis of this, the Group is anticipated to fall under normal tax regime (NTR). The Group has opted for approach 2 of IAS 12 Income tax guideline issued by the Institute of Chartered Accountants of Pakistan.

6.17.2 Deferred

Deferred tax is provided using the balance sheet method for all temporary differences at the reporting date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, if any, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantially enacted at the reporting date.

6.17.3 Estimate

The Group establishes provisions, based on reasonable estimates taking into account the applicable tax laws and the decisions by appellate authorities on certain issues in the past. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

A deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

6.18 Levy

The amount calculated on taxable income using the notified tax rate is recognized as current income tax expense for the year in statement of profit or loss. Any excess of expected income tax paid or payable for the year under the Income tax Ordinance, 2001, over the amount designated as current income tax for the year, is then recognized as a levy.

6.19 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences arising on retranslation are recognized in consolidated statement of profit or loss.

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6.20 Provision

A provision is recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

6.21 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Group that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

6.22 Related party transactions

Transactions with related parties occurring in the normal course of business adhere to terms of the respective agreements as approved by the Board of Directors.

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7 OPERATING FIXED ASSETS

Description	(Rupees)			
	Furniture and fixtures	Office equipment and computers	Vehicles	Total
Net carrying value basis				
Year ended June 30, 2025				
Opening net book value (NBV)	10,213,006	7,442,097	1,671,030	19,326,133
Additions (at cost)	-	1,586,553	-	1,586,553
Disposals (NBV)	-	(73,057)	-	(73,057)
Depreciation charge	(3,773,317)	(3,194,635)	(845,340)	(7,813,292)
Closing net book value	6,439,689	5,760,958	825,690	13,026,337
Gross carrying value basis				
Year ended June 30, 2025				
Cost	22,087,164	20,231,387	4,250,200	46,568,751
Accumulated depreciation	(15,647,475)	(14,470,429)	(3,424,510)	(33,542,414)
Net book value	6,439,689	5,760,958	825,690	13,026,337
Net carrying value basis				
Year ended June 30, 2024				
Opening net book value (NBV)	14,129,454	8,391,200	2,516,370	25,037,024
Additions (at cost)	-	1,998,223	-	1,998,223
Disposals (NBV)	-	(52,975)	-	(52,975)
Depreciation charge	(3,916,448)	(2,894,351)	(845,340)	(7,656,139)
Closing net book value	10,213,006	7,442,097	1,671,030	19,326,133
Gross carrying value basis				
Year ended June 30, 2024				
Cost	22,087,164	19,034,707	4,250,200	45,372,071
Accumulated depreciation	(11,874,158)	(11,592,610)	(2,579,170)	(26,045,938)
Net book value	10,213,006	7,442,097	1,671,030	19,326,133
Depreciation rate % per annum	10-33.33	10-33.33	20	

7.1 Operating fixed assets include fully depreciated assets amounting to Rs. 11.98 million (2024: Rs. 9.31 million) that are still in use as of the reporting date.



	Note	2025 Rupees	2024 Rupees
8 INTANGIBLE ASSETS			
Rating software - License	8.1	1,174,865	3,065,492
Software	8.2	103,566	680,591
		<u>1,278,431</u>	<u>3,746,083</u>
8.1 Rating software - License			
Net carrying value			
As at July 01,		3,065,492	3,742,355
Addition during the year		-	1,181,000
Amortization charge during the year		(1,890,627)	(1,857,863)
As at June 30,		<u>1,174,865</u>	<u>3,065,492</u>
Gross carrying value			
Cost		5,672,006	5,672,006
Accumulated amortization		(4,497,141)	(2,606,514)
Net book value		<u>1,174,865</u>	<u>3,065,492</u>
Amortization rate (%) per annum		<u>33.33</u>	<u>33.33</u>
8.2 Software			
Net carrying value			
As at July 01,		680,591	57,088
Addition during the year		-	700,000
Amortization charge during the year		(577,025)	(76,497)
As at June 30,		<u>103,566</u>	<u>680,591</u>
Gross carrying value			
Cost		1,731,074	1,731,074
Accumulated amortization		(1,627,508)	(1,050,483)
Net book value		<u>103,566</u>	<u>680,591</u>
Amortization rate (%) per annum		<u>33.33</u>	<u>33.33</u>
8.2.1 The amortization charge for the year has been allocated as follows:			
Infrastructure cost	26	<u>2,467,652</u>	<u>1,934,360</u>
BD			

	Note	2025 Rupees	2024 Rupees
9 RIGHT OF USE ASSETS			
The following is the statement of right of use assets:			
9.1 Building			
Net carrying value basis			
As at July 01,		6,254,321	10,607,079
Additions (cost) / reassessment of lease		26,201,640	-
Depreciation charge during the year	26	(6,254,321)	(4,352,758)
As at June 30,		<u>26,201,640</u>	<u>6,254,321</u>
Gross carrying value basis			
Cost		26,201,640	27,824,199
Accumulated depreciation		-	(21,569,878)
Net book value		<u>26,201,640</u>	<u>6,254,321</u>
Depreciation rate (%) per annum		<u>33.33</u>	<u>33.33</u>

9.1.1 This represents the lease contract for the 1st and 2nd floors of the Head office of the Group with a lease term of 3 years. The lease will expire in June 30, 2028.

10 LONG TERM INVESTMENTS

Tasdeeq Information Services Limited	10.1	<u>54,041,712</u>	<u>59,393,294</u>
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10.1 Tasdeeq Information Services Limited

No. of shares- ordinary		Percentage		
2025	2024			
<u>10,273,000</u>	<u>10,273,000</u>	15.57%	105,733,000	105,733,000
Share of loss				
As at July 01,			(46,339,706)	(34,155,586)
Share of loss for the year			(5,351,582)	(12,184,120)
As at June 30,			(51,691,288)	(46,339,706)
Net investment as at June 30,			<u>54,041,712</u>	<u>59,393,294</u>

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- 10.1.1 The Holding Company owns 15.57% (2024: 15.57%) shares in Tasdeeq Information Services Limited (TISL). The reporting date of the Associate is December 31, 2024. The cost of these shares is Rs. 10.29 (2024: Rs. 10.29) However, subsequent to the year end the shareholding of the Group has reduced to 12.84% due to right issue by TISL. The Group did not subscribe to its right entitlement.

Summarized financial information in respect of the Associate, on the basis of un-audited financial statements for the year ended June 30, 2025 are set out below:

	Note	2025 Rupees	2024 Rupees
Non current assets		617,404,656	589,529,072
Current assets		79,434,792	58,387,033
Non current liabilities		(42,866,172)	(39,904,502)
Current liabilities		(124,868,216)	(228,370,725)
Net assets - 100%		529,105,060	379,640,878
Percentage ownership interest		15.57%	15.57%
Group's share of net assets representing carrying amount of interest in associate		82,381,658	59,110,085
Revenue from contracts with customers - net		232,717,641	163,356,087
Loss after income tax		34,371,109	78,253,821
Total comprehensive loss for the year from continuing operations		5,351,582	12,184,120
11 LONG TERM DEPOSITS	11.1	1,335,300	1,335,300
11.1 This represents security deposits against leased premises, telecommunication and other services. These deposits do not carry any interest or mark-up and are not recoverable within one year. These deposits have not been discounted to present value using the effective interest rate method as the effect of discounting is considered to be immaterial.			
12 DEFERRED TAX ASSET			
Deferred tax asset	12.1	5,766,815	5,984,077
12.1 Deferred tax arisen during the year on the following items			
Deductible temporary differences			
- Accelerated tax depreciation on operating fixed assets/amortization allowances		2,528,812	1,856,146
- Allowance for expected credit loss (ECL)		2,221,982	2,583,344
- Lease liability - net		-	569,339
- Workers' Welfare Fund		1,016,021	975,248
800		5,766,815	5,984,077

	Note	2025 Rupees	2024 Rupees
12.2 The gross movement in the deferred tax asset during the year is as follow:			
As at July 01,		5,984,077	6,414,381
Charged to consolidated statement of profit or loss	31	(217,262)	(430,304)
As at June 30,		<u>5,766,815</u>	<u>5,984,077</u>

13 TRADE DEBTS

Unsecured

Due from related party	13.1	32,627,287	32,734,251
Less: Allowance for ECL	13.2	(1,459,324)	(1,528,073)
		<u>31,167,963</u>	<u>31,206,178</u>
Due from others	13.3	92,923,975	76,340,803
Less: Allowance for ECL	13.4	(6,229,194)	(7,380,011)
		<u>86,694,781</u>	<u>68,960,792</u>
		<u>117,862,744</u>	<u>100,166,970</u>

13.1 Due from related party

Lanka Rating Agency Limited	13.1.1	<u>32,627,287</u>	<u>32,734,251</u>
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The amounts due from related party is interest free and repayable in normal course of business.

13.1.1 Ageing of Lanka Rating Agency Limited

0 - 90 days	15,181,401	10,435,609
90 - 360 days	-	-
360 days and above	17,445,886	22,298,642
	<u>32,627,287</u>	<u>32,734,251</u>

13.2 Allowance for ECL - Related party

As at July 01,	1,528,073	-
Add: (Reversal) / Allowance for the year	(68,749)	1,528,073
As at June 30,	<u>1,459,324</u>	<u>1,528,073</u>

13.2.1 This represents the ECL on the account of time value of money based upon the duly approved management plan to recover this balance within twelve months from the reporting date. The credit loss is not expected in respect of this balance.

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	Note	2025 Rupees	2024 Rupees
13.3 Ageing of due from others			
0 - 90 days		74,561,137	62,948,634
90 - 180 days		7,021,399	9,202,873
180 - 360 days		6,542,165	2,281,962
360 days and above		4,799,274	1,907,334
		<u>92,923,975</u>	<u>76,340,803</u>
13.4 Allowance for ECL - Others			
As at July 01,		7,380,011	9,389,568
Add: Allowance/ (reversal) for the year		4,342,439	(955,280)
Less: Bad debt written off		(5,493,256)	(1,054,277)
As at June 30,		<u>6,229,194</u>	<u>7,380,011</u>
14 RECEIVABLE FROM RELATED PARTIES			
Aequitas (Private.) Limited - Financial Consultancy	14.1	2,406,250	-
The Associate - reimbursement	14.2	2,999,907	261,383
TenX (Private) Limited - Reimbursement		-	390,293
Shortfall in deduction of withholding tax from Chief Executive Officer (CEO)	14.3	2,334,288	-
		<u>7,740,445</u>	<u>651,676</u>
14.1 This represent receivable from Aequitas (Private) Limited against the services rendered.			
14.2 This represents the net balance of shared expenses of common facilities utilized by the Associate and the Holding Company, which have been subsequently received.			
14.3 This represents a shortfall in deduction of withholding tax from the salary of the CEO. The amount has been subsequently received and settled within the tax year 2024-2025.			
14.4 The maximum aggregate amount outstanding from related parties at any time during the year was:			
Aequitas (Pvt.) Limited		2,406,250	-
The Associate		2,999,907	261,383
TenX (Private) Limited		333,453	771,053
Shortfall in deduction of withholding tax from Chief Executive Officer (CEO)		2,334,288	-
14.5 Age analysis of receivable from related parties, past due but not impaired is as follows:			
0 to 6 months		5,073,348	261,383
6 to 12 months		2,667,097	390,293
₹		<u>7,740,445</u>	<u>651,676</u>

	Note	2025 Rupees	2024 Rupees
15 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - unsecured and considered good			
To employees	15.1	1,897,626	1,546,792
To suppliers		308,869	392,830
Prepayments		2,587,450	3,237,174
		<u>4,793,945</u>	<u>5,176,796</u>
15.1 This represents advance to employees against salaries in accordance with the terms of their employment. These advances are unsecured, interest free and are deductible from their salaries.			
16 SHORT TERM INVESTMENT			
Investment in Government securities	16.1	-	39,048,345
16.1 This relates to investment in treasury bills by the Group. They carry yield ranging from 19.84% to 21.64% (2024: 20.01% to 23.29%) per annum. These Treasury bills were matured during the year.			
17 CASH AND BANK BALANCES			
Cash in hand		19,827	14,071
Balances at banks			
- Current accounts		9,278,593	14,704,844
- Savings accounts	17.1	119,043,660	40,174,050
		<u>128,342,080</u>	<u>54,892,965</u>
17.1 This carries mark up ranging 9.25% to 19% (2024: 19% to 20.5%) per annum.			
18 SHARE CAPITAL			
18.1 Authorized share capital			
2025 (Number of shares)	2024	Ordinary shares	
		Ordinary shares of Rs.1	
<u>125,000,000</u>	<u>12,500,000</u>	(2024: Rs. 10) each	
		<u>125,000,000</u>	<u>125,000,000</u>
18.2 Issued, subscribed and paid up share capital			
		Ordinary shares of Rs. 1	
		(2024: Rs. 10) each, fully	
15,000,000	1,500,000	paid in cash	
		15,000,000	15,000,000
		Ordinary shares of Rs. 1	
		(2024: Rs. 10) each issued	
59,529,000	5,952,900	as bonus shares	
<u>74,529,000</u>	<u>7,452,900</u>	<u>59,529,000</u>	<u>59,529,000</u>
		<u>74,529,000</u>	<u>74,529,000</u>

- 18.2.1 During the year, the Group sub-divided its ordinary shares in accordance with Section 85 of the Companies Act, 2017, whereby the par value of shares was reduced from Rs. 10 each to Rs. 1 each. This change resulted in a corresponding increase in the number of issued shares without affecting the total paid-up share capital.
- 18.2.2 The shares of LSE Ventures Limited in the Group are currently blocked in their CDS Account with voting rights in favour of the Buyer's Agent under the Mutual Buyout Agreement. However, the subject agreement and applicable provision therein is currently under dispute as disclosed in Note 23.2.2.

19 LEASE LIABILITIES

Lease period for the lease during current year consists of 3 years (2024: 3 years). The effective interest rate used as the discounting factor is 11.39% (2024: 22.96%). The amounts of future payments and the periods in which they will become due are:

	Note	2025 Rupees	2024 Rupees
19.1 As at June 30,			
2025		-	8,641,797
2026		9,289,946	-
2027		9,986,690	-
2028		10,735,692	-
		30,012,328	8,641,797
Less: future finance charges		(3,810,688)	(424,239)
Present value of lease payments		26,201,640	8,217,558
Less: Current maturity		(9,046,122)	(8,217,558)
		17,155,518	-

- 19.2 Lease payments (LP) and their present value (PV) are as follows:

2025		2024	
LP	PV of LP	LP	PV of LP
Rupees			

Due not later than 1 year	9,289,946	9,046,122	8,641,797	8,217,558
Due later than 1 year but not later than 5 years	20,722,382	17,155,518	-	-
	30,012,328	26,201,640	8,641,797	8,217,558

- 19.3 Movement of lease liabilities

Opening balance	8,217,558	14,080,883
Add: Addition during the year	26,201,640	-
Add: Interest expense for the year	424,230	2,175,559
Less: Payments made during the year	(8,641,788)	(8,038,884)
Closing balance	26,201,640	8,217,558
Less: Current portion of lease	(9,046,122)	(8,217,558)
	17,155,518	-

	Note	2025 Rupees	2024 Rupees
20 CONTRACT LIABILITIES			
Advance from customers	20.1	12,700,626	8,942,887
Deferred revenue	20.2	77,609,408	71,013,626
		<u>90,310,034</u>	<u>79,956,513</u>
20.1	This represents advance received from customers for future rating of entities.		
20.2	This represents deferred revenue relating to services recognized over time.		
20.3	Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period amounts to Rs. 71.01 million (2024: Rs. 75.37 million).		
21 TRADE AND OTHER PAYABLES			
Accrued expenses	21.1	57,171,783	41,143,394
Provident Fund payable		1,809,831	1,694,142
Workers' Welfare Fund	21.2	7,005,709	6,852,974
Withholding tax payable		6,447,196	2,030,172
Sales tax payable		9,864,462	7,499,560
		<u>82,298,981</u>	<u>59,220,242</u>
21.1	This includes balance payable to following related parties:		
Integrated Equities Limited		2,666,364	-
LSE Capital Limited		1,524,701	-
Al Haq Securities Private Limited		41,597	-
		<u>4,232,662</u>	<u>-</u>
21.2	Workers' Welfare Fund		
As at July 01,		6,852,974	3,490,049
Provision for the year	27	3,642,799	3,362,925
Payment during the year		(3,490,064)	-
As at June 30,		<u>7,005,709</u>	<u>6,852,974</u>
22 TAXATION - NET			
Provision for taxation	22.1	49,746,651	49,619,077
Less: Income tax		(48,655,203)	(46,374,990)
Less: Prepaid assets		(144,345)	(113,052)
870		<u>947,103</u>	<u>3,131,035</u>

	Note	2025 Rupees	2024 Rupees
22.1	Movement of provision for taxation is as follows:		
As at July 01,		49,619,077	49,033,652
Provision for the year		49,869,276	49,619,077
Less: Adjustments / payments during the year		(48,878,785)	(48,808,685)
Less: Prior year adjustment	31	(862,917)	(224,967)
As at June 30,		<u>49,746,651</u>	<u>49,619,077</u>

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 Tax authorities have issued notices under section 161(1)(1A) for the tax years 2014 and 2016-2021 to the Group. These were issued on account of non-deduction of withholding tax on expenses and purchases. The aggregate tax liability for 2016-2020 amounts to Rs. 23.55 million while no tax liability has been computed for tax year 2014 and tax year 2021. These cases are pending with tax officials at various forums. The management expects a favorable outcome.

23.1.2 The DCIR issued a notice under section 4-C for the tax year 2022 and 2024 for recovery of super tax on July 11, 2023 and February 10, 2025 respectively. Reply has been submitted and the case is pending with tax officials. The management expects a favourable outcome in this regard.

23.1.3 The Assistant Commissioner Sindh Revenue Board (the "ACSR") issued notice dated October 21, 2021 under section 3 and 8 of the Sindh Sales Tax on Services Act 2011 ("the Act") for the tax years 2017, 2018, 2019 and 2020 for revenue difference in SRB sales tax returns and audited accounts for above mentioned periods. The ACSR, accordingly issued a notice requiring the Group to justify or pay the short sales tax paid amounting to Rs. 33.26 million along with default surcharge to be determined at the time of payment. In compliance to this notice, the Group submitted evidences justifying the revenue declaration as well as verified copies of sales tax returns indicating that the amount of sales tax paid is correct and accurate. The assessing officer, considering the evidence provided, passed judgement dated July 02, 2022 and assessed a tax liability and imposed penalty amounting to Rs. 0.83 million and Rs. 0.76 million respectively. Against such order an appeal was filed before the Commissioner Appeals, SRB and the Group submitted a written reply. The matter is currently reserved for decision and the management expects a favourable outcome in this regard.

23.2 Commitments

23.2.1 JS Bank Limited has issued performance guarantee on behalf of the Group in favour of Finance Department of Government of Punjab amounting to Rs. 0.05 million (2024: Rs. 0.05 million).

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- 23.2.2 During the year, under a tri-party agreement dated January 12, 2025, the majority sponsors/directors of the Group namely Mr. Mumtaz Hussain, Mr. Sardar Ali Wattoo, Mr. Usman Haider, and Mr. Adnan Afaq (the "Buyers") with Mr. Mumtaz Hussain as the Buyer's Agent entered into a Mutual Buyout Agreement (MBO) with LSE Ventures Limited (the "Seller") to acquire its entire shareholding in the Group comprising of 26.830 million shares against a consideration of Rs. 600 million, payable in 10 equal semi-instalments of Rs. 60 million each over a period of five years through assignment and payment of Buyers dividends from the Company. Any shortfall in the payment of the instalment was guaranteed by the Buyer's Agent. Under the arrangement, all shares were held in blocked form in LSE Ventures Limited's CDS account, and upon each instalment, the escrow agent was required to transfer 2.683 million shares to the Buyers. The 1st instalment under the MBO was paid on January 14, 2025, to the Sellers through a dividend from the Group (less applicable withholding tax) pursuant to which 2.683 million shares were transferred to the Buyers.

However, on June 30, 2025, LSE Ventures Limited issued a notice to terminate the MBO, and the matter is currently under dispute.

The management of the Group has stated that since this arrangement is between the Buyers and the Seller, with the Group acting only as a counterparty, they do not anticipate any impact on the operations of the Group.

	Note	2025 Rupees	2024 Rupees
24 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET			
Income from rating business			
- Domestic		521,173,523	484,336,278
- Foreign		1,927,000	1,827,000
		523,100,523	486,163,278
Income from non rating business			
- Domestic		24,475,928	1,919,700
- Foreign	24.1	15,181,401	10,435,609
		39,657,329	12,355,309
Less: Provincial sales tax		(75,340,554)	(57,599,330)
Revenue from contracts with customers - Net		487,417,298	440,919,257

- 24.1 Under the Agreement for Technical Affiliation, in addition to services provided for initial setup of LRA's rating business, the Group is performing agreed upon services relating to training, rating audit and review. In accordance with IFRS 15 'Revenue from contract with customers' the Group has determined that these ongoing activities consist of distinct but substantively same services and thus can be classified as a single performance obligation.

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	Note	2025 Rupees	2024 Rupees
24.2 Disaggregation of fees income			
Contracts with customers is disaggregated primarily by types of rating, timing of revenue recognition and geographical market:			
Type of rating services			
Entity rating		313,532,037	303,345,212
Instrument rating		91,088,805	90,684,422
Vendor assessment		3,300,000	-
Fund rating		43,687,368	34,754,014
		451,608,210	428,783,648
Type of Non rating services			
Consultancy services		15,201,401	10,445,609
Credit risk assessment training		20,607,687	1,690,000
		487,417,298	440,919,257
Timing of revenue recognition			
Revenue recognized at a point in time		338,691,019	300,443,869
Revenue recognized over time		148,726,279	140,475,388
		487,417,298	440,919,257
Geographical market			
Pakistan		470,308,897	428,656,648
United Kingdom		1,927,000	1,827,000
Sri Lanka		15,181,401	10,435,609
		487,417,298	440,919,257
25 REMUNERATION COST			
Salaries and other benefits	25.1	237,198,386	211,012,519
Retired employee benefits		2,042,329	1,820,599
External rating committee member fee		10,901,408	9,370,112
Advisory / consultancy fee		-	100,000
		250,142,123	222,303,230

25.1 Salaries and other benefits include Rs. 8.06 million (2024: Rs. 7.15 million) in respect of contribution to provident fund.

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		2025 Rupees	2024 Rupees
26	INFRASTRUCTURE COST		
	Rent, rates and taxes	3,825,252	2,734,456
	Utilities	6,287,816	6,108,269
	Technology and related expenses	5,859,126	6,894,864
	Repairs and maintenance	2,193,587	1,849,024
	Depreciation on operating fixed assets	7,813,292	7,656,139
	Amortization on intangible assets	8.2.1 2,467,652	1,934,360
	Depreciation on right of use asset	9.1 6,254,321	4,352,758
	Loss on disposal of operating fixed assets	40,557	-
	Others	2,986,442	1,356,351
		<u>37,728,045</u>	<u>32,886,221</u>
27	ADMINISTRATIVE COST		
	Directors' meeting expense	27.1 5,050,000	5,550,000
	Legal and professional charges	4,339,384	6,484,981
	Entertainment and related expenses	5,917,788	6,117,896
	Travelling, food and accommodation	5,360,804	4,519,531
	Auditors' remuneration	27.2 2,852,600	1,550,000
	Tax advisory, consultancy and fees	5,843,195	2,975,000
	Workers' Welfare Fund	21.2 3,642,799	3,362,925
	Communication and related expenses	1,760,431	1,284,886
	Promotional expense	463,591	236,510
	Mess expense	647,555	766,138
	Others	2,903,854	2,469,283
		<u>38,782,001</u>	<u>35,317,150</u>
27.1	This represents the meeting fee paid to Directors of the Group for attending the meetings held during the year.		
27.2	Auditors' remuneration		
	Statutory audit fee	1,560,000	1,450,000
	Out of pocket expense	112,600	100,000
	Certificates and other assurance engagements	1,180,000	-
		<u>2,852,600</u>	<u>1,550,000</u>
28	OTHER INCOME		
	Markup on savings accounts	9,854,014	4,717,164
	Gain on disposal of operating fixed assets	-	7,025
	Markup on loan given to associate	-	4,118,416
	Profit on short term investments	16 1,824,895	6,840,068
	Reimbursement of out-of-pocket expenses	509,201	-
	Reimbursement from clients	2,156,915	2,329,469
	Miscellaneous income	436,927	142,757
		<u>14,781,952</u>	<u>18,154,899</u>

		Note	2025 Rupees	2024 Rupees
29	FINANCE COST			
	Markup on short term borrowings		-	30,412
	Finance cost on lease liabilities		424,230	2,175,559
	Bank charges		59,039	102,938
			<u>483,269</u>	<u>2,308,909</u>
30	LEVY			
	Levy	30.1	<u>171,084</u>	<u>122,626</u>
30.1	This represents final tax paid under section 154 (1)(b) of Income Tax Ordinance, 2001 ("the Ordinance"), representing levy in terms of requirements of IFRIC 21/IAS 37.			
31	TAXATION			
	Current tax			
	- Current		49,698,192	49,496,451
	- Prior	31.3	2,537,516	(224,967)
			52,235,708	49,271,484
	Deferred tax - relating to origination of temporary differences	12	<u>217,262</u>	<u>430,304</u>
			<u>52,452,970</u>	<u>49,701,788</u>
31.1	Current tax liability for the year as per the Ordinance		52,406,792	49,394,110
	Portion of current tax liability as per tax laws, representing income tax under IAS 12		(52,235,708)	(49,271,484)
	Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37		<u>(171,084)</u>	<u>(122,626)</u>
	800		<u>-</u>	<u>-</u>

- 31.2 The aggregate of final and current income tax amounting to Rs. 52.406 million (2024: Rs. 49.39 million) represents tax liability of the Group calculated under the relevant provisions of the Income Tax Ordinance, 2001.
- 31.3 This includes disallowance of certain expenses pertaining previous tax years, which led to a revised assessment and payment of Rs. 3.40 million (2024: Rs. Nil).

	Note	2025 Rupees	2024 Rupees Restated
32 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the year		112,814,486	103,677,320
		Numbers	Numbers
Weighted average number of ordinary shares outstanding during the year		74,529,000	74,529,000
		Rupees	Rupees
Earnings per share - basic and diluted		1.51	1.39

- 32.1 Basic earnings per share has been calculated by dividing the profit attributable to equity holders of the Group by weighted average number of ordinary shares.

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial liabilities include short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities. The major portion of these financial liabilities include short-term borrowing that is availed to meet the working capital requirements. The Group's financial assets include long term deposits, trade debts, loans to an associate, receivable from related parties, short term investment, and cash and bank balances.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the risk profile and is supported by the finance department that advises on financial risks and the appropriate financial risk governance framework for the Group. This department also provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group's policies and risk appetite. The Board of Directors reviews and approves policies for managing each of these risks which are summarized below:

33.1 Market risk

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debts and the proportion of financial instruments in foreign currencies are all constant.

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The sensitivity analysis has been based on the assumption that the sensitivity of the relevant profit or loss item is the effect of the assumed changes in respect of market risks. This is based on the financial assets and financial liabilities held at June 30, 2025 and June 30, 2024.

33.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Group, are periodically restated to Pak Rupee equivalent and the associated gain or loss is taken to the statement of profit or loss.

The Group is exposed to currency risk on trade debts that are denominated in a currency other than the functional currency primarily U.S. Dollars (USD).

Particulars	2025	2024
Assets		
Trade debts - USD	<u>113,500</u>	<u>115,000</u>

33.1.2 Exchange rate applied during the year

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

	Average rate for the year		Reporting date rate	
	2025	2024	2025	2024
			Rupees	Rupees
USD to PKR	281.28	282.95	283.76	278.80

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Group's profit before income tax.

Changes in rates	Effect on profit before income tax	
+1%	322,068	320,620
-1%	(322,068)	(320,620)

The effect may be respectively lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments.

Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

33.1.3 Other price risk

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

33.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counter parties. The Group does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the Group applies approved credit limits to its customers. Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily for trade debts.

The management monitors and limits the Group's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for expected credit loss, if any, and through the prudent use of collateral policy. Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits and quality are established for all customers based on individual customer evaluation.

The Group is exposed to credit risk on long term deposits, trade debts, receivable from related parties, loan to an associate, short term investment and bank balances. The Group seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Note	2025 Rupees	2024 Rupees
Long term deposits		1,335,300	1,335,300
Trade debts - unsecured	13	92,923,975	76,340,803
Receivable from related parties	14	7,740,445	651,676
Short term investment	16	-	39,048,345
Bank balances	17	128,322,253	54,878,894
		<u>230,321,973</u>	<u>172,255,018</u>

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party defaults as shown below:

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	Exposure at default Rupees	Expected credit loss Rupees	Expected credit loss rate
33.2.1 Trade Debts			
June 30, 2025			
Past due:			
1-90 days	74,561,137	570,968	0.77%
91-180 days	7,021,399	432,426	6.16%
181-270 days	4,181,523	1,301,003	31.11%
271-365 days	2,360,642	2,140,046	90.66%
Above 365 days	4,799,274	1,784,751	37.19%
	<u>92,923,975</u>	<u>6,229,194</u>	
June 30, 2024			
Past due:			
1-90 days	62,292,387	259,204	0.42%
91-180 days	6,403,754	756,924	11.82%
181-270 days	623,274	144,039	23.11%
271-365 days	1,246,610	445,066	35.70%
Above 365 days	5,774,778	5,774,778	100.00%
	<u>76,340,803</u>	<u>7,380,011</u>	

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The information about the credit risk exposure on the Group's trade debts using a provision matrix is given above.

33.2.2 Bank balances

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Chief Executive. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

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Financial institution

Ratings		
Agency	Short Term	Long term

Bank balances

Bank AL Habib Limited	PACRA	A1+	AAA
JS Bank Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A1+	AAA
Samba Bank Limited	PACRA	AA	A1

33.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Carrying amount	Contractual cash flows	Within one year	More than one year
Rupees			

June 30, 2025**Financial liabilities**

Lease liabilities	26,201,640	26,201,640	9,046,122	17,155,518
Trade and other payables	65,987,323	65,987,323	65,987,323	-
	<u>92,188,963</u>	<u>92,188,963</u>	<u>75,033,445</u>	<u>17,155,518</u>

June 30, 2024**Financial liabilities**

Lease liabilities	8,217,558	8,641,797	8,641,797	-
Accrued markup	417	417	417	-
Trade and other payables	49,690,510	49,690,510	49,690,510	-
	<u>57,908,485</u>	<u>58,332,724</u>	<u>58,332,724</u>	<u>-</u>

33.4 Changes in liabilities arising from financing activities

As at July 01,	Cash flows	Additions	Others	As at June 30,
Rupees				

June 30, 2025

Lease liabilities	8,217,558	(8,641,788)	26,201,640	424,230	26,201,640
Accrued markup	417	(417)	-	-	-
	<u>8,217,975</u>	<u>(8,642,205)</u>	<u>26,201,640</u>	<u>424,230</u>	<u>26,201,640</u>

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As at July 01,	Cash flows	Additions	Others	As at June 30,
Rupees				

June 30, 2024

Lease liabilities	14,080,883	(8,038,884)	-	2,175,559	8,217,558
Accrued markup	30,034	(60,027)	30,411	-	417
	<u>14,110,917</u>	<u>(8,098,911)</u>	<u>30,411</u>	<u>2,175,559</u>	<u>8,217,975</u>

33.5 Financial instruments by categories

At fair value through OCI	At fair value through profit or loss	At amortized cost	Total
Rupees			

June 30, 2025

Financial assets

Long term deposits	-	-	1,335,300	1,335,300
Trade debts - Unsecured	-	-	92,923,975	92,923,975
Receivable from related parties	-	-	7,740,445	7,740,445
Bank balances	-	-	128,322,253	128,322,253
	-	-	<u>230,321,973</u>	<u>230,321,973</u>

Financial liabilities

Lease liabilities	-	-	26,201,640	26,201,640
Trade and other payables	-	-	65,987,323	65,987,323
	-	-	<u>92,188,963</u>	<u>92,188,963</u>

June 30, 2024

Financial assets

Long term deposits	-	-	1,335,300	1,335,300
Trade debts - Unsecured	-	-	76,340,803	76,340,803
Receivable from related parties	-	-	651,676	651,676
Short term investment	-	-	39,048,345	39,048,345
Bank balances	-	-	54,892,965	54,892,965
	-	-	<u>172,269,089</u>	<u>172,269,089</u>

Financial liabilities

Lease liabilities	-	-	8,217,558	8,217,558
Accrued markup	-	-	417	417
Trade and other payables	-	-	49,690,510	49,690,510
	-	-	<u>57,908,485</u>	<u>57,908,485</u>

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34 FINANCIAL AND NON FINANCIAL INSTRUMENTS - FAIR VALUES

Fair value measurement of financial and non financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of all the financial and non financial instruments reflected in these consolidated financial statements approximate to their fair value.

The following table shows assets recognized at fair value, analyzed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of the reporting date, the Group does not have any financial and non financial assets carried at fair value that required categorization in Level 1, Level 2 and Level 3.

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35 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of Subsidiary Company, Associated Company, Group's Directors and key management personnel. Balances with related parties are disclosed in respective notes to the consolidated financial statements. Significant transactions with related parties other than those disclosed elsewhere in the consolidated financial statements are as follows:

Name of related party			Nature of transaction	2025 Rupees	2024 Rupees
Lanka Limited - investee	Rating	Agency	Income from services provided by the Group	15,181,401	10,435,609
			Receipt from the related party	15,288,365	11,305,242
Tasdeeq Services Limited - Associate (15.57% owned)	Information	Associate	Investment in associate during the year	-	5,733,000
			Amount on account of loan repayment	-	30,000,000
			Amount on account of advance for purchase of shares repaid by associated company	-	12,733,007
			Expenses paid on behalf of the associated company	3,202,836	2,416,225
			Expenses paid by associated company on behalf of the Group	464,312	1,129,434
			Markup on loan charged to associated company	-	4,118,416
TenX (Private) Limited - an associate due to common directorship			Markup paid by associated company	-	5,994,262
			Expenses paid on behalf of the associated company	333,453	1,539,628
Integrated Equities Limited - an associate due to common directorship			Receipts from the associated company	723,746	2,215,866
			Financial advisory services for listing on GEM Board from associated company	2,516,127	-
Integrated Equities Limited - an associate due to common directorship			Brokerage commission to associated company	376,688	-

Name of related party	Nature of transaction	Note	2025 Rupees	2024 Rupees
LSE Capital Limited - an associate due to common directorship	Consultancy services for listing on GEM Board from associated company		1,160,000	-
	Expenses paid by associated company on behalf of the Group		364,701	-
Al Haq Securities Private Limited - an associate due to common directorship	Brokerage commission to associated company		47,270	-
Aequitas (Private) Limited - an associate due to common directorship	Expenses paid by associated company on behalf of the Group		2,406,250	-
Post employment benefits	Contributions to Provident Fund Trust		8,056,433	7,154,497
Usman Haider (14.3% equity held)	Dividend paid		11,203,369	19,569,423
	Shortfall in deduction of withholding tax from CEO	35.1	2,334,288	-
LSE Ventures Limited (32.4% equity held)	Dividend paid		29,875,673	52,185,045
Mumtaz Hussain Syed (18.5% equity held)	Dividend paid		22,406,738	39,138,846
Sardar Ali Watto (14.3% equity held)	Dividend paid		11,203,380	19,569,442
Muhammad Adnan Afaq (10.6% equity held)	Dividend paid		8,298,804	14,495,891
Other Directors (0.00009% equity held)	Dividend paid		78	257

35.1 This represents a shortfall in deduction of withholding tax from the salary of the CEO. The amount has been subsequently received and settled within the tax year 2024-2025.

35.2 Outstanding balances of related parties are disclosed in the relevant notes to the consolidated financial statements.

35.3 Particulars of Related Parties Incorporated Outside Pakistan

Name of related party	Lanka Rating Agency Limited
Registered Address	No. 145, Kynsey Road, Colombo 8, Sri Lanka
Country of incorporation	Sri Lanka
Basis of association	Investee
Average percentage of shareholding	13.70%
Shareholding through other entities	N/A
Chief Executive	Kenneth Gordon Christie De Zilwa
Operational Status	To provide services as an approved credit rating agency in Sri Lanka.
Auditors' opinion on latest available	Unmodified opinion

35.4 The details of compensation paid to key management personnel are shown under the heading of 'Remuneration of Chief Executive, Directors and Executive Note 36. There are no transactions with key management personnel other than under their terms of employment except otherwise stated.

35.5 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Group considers all members of its management team, including the Chief Executive Officer and the Directors to be key management personnel.

35.6 Names of related parties along with basis of relationship, with whom the Group may or may not have entered into transactions during the year, are as follows:

Name of related party	Basis of relationship	2025	2024
		Percentage of shareholding	
Tasdeeq Information Services Limited	Associated company	15.57%	15.57%
Lanka Rating Agency Limited	Investee company	13.70%	13.70%
TenX (Private) Limited	Common directorship	-	-
LSE Capital Limited	Common directorship	-	-
Integrated Equities Limited	Common directorship	-	-
Al Haq Securities Private Limited	Common directorship	-	-

36 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Non-executive directors		Executives	
	2025	2024	2025	2024	2025	2024
	Rupees					
Managerial remuneration	30,000,000	24,000,000	-	-	108,768,000	105,630,024
Contribution to provident fund	1,303,696	1,042,829	-	-	4,609,207	4,572,398
Bonus	5,488,718	6,327,254	-	-	25,544,636	27,461,123
Meeting fee	-	-	5,050,000	5,550,000	-	-
Reimbursable expense	-	-	-	-	1,014,529	954,316
	36,792,414	31,370,083	5,050,000	5,550,000	139,936,372	138,617,861
Number	1	1	6	8	26	31

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- 36.1 Executives includes employees other than chief executive officer and directors whose basic salary exceeds Rs. 1,200,000 during the year.
- 36.2 Managerial remuneration includes salaries and wages.
- 36.3 Directors' fee is paid for attending meetings of Board of Directors.
- 36.4 The Group has 7 (June 30, 2024: 9) Directors including Chief Executive Officer and Independent Directors. No remuneration, other than meeting fee, is being paid to any Director except Chief Executive Officer.

37	NUMBER OF EMPLOYEES	2025	2024
	Number of employees as at June 30,	82	85
	Average number of employees for the year	82	90

38 CORRESPONDING FIGURES

Corresponding figures where necessary, have been rearranged for the purpose of comparison. However no significant rearrangement or reclassification has been made during the year ended June 30, 2025 except the following:

Description	Note	From	To	Rupees
Statement of financial position				
Reclassification of remuneration and related cost	21	Remuneration and related cost payable	Accrued expenses	37,689,565

39 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors in their meeting held on October 06, 2025 have proposed a final cash dividend for the year ended June 30, 2025 at the rate of Rs. NIL per share (2024: Rs. Nil per share).

40 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 06-OCT-25 by the Board of Directors of the Group.

41 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

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Moman Maider

CHIEF EXECUTIVE OFFICER

Sajid Sultan

CHIEF FINANCIAL OFFICER

M V

DIRECTOR