



FINANCIAL STATEMENTS
OF
TRANSKARACHI
(A COMPANY SET UP UNDER SECTION 42
OF THE COMPANIES ACT, 2017)
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.

The Board of Directors,
TransKarachi
C-89, Block 2 , Clifton,
Karachi.

November 05, 2025
AA-2031/25

AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Dear Sir,

We are pleased to enclose herewith two copies of the draft financial statements of TransKarachi (the Company) for the year ended June 30, 2025 together with our draft audit report thereon duly initialed by us for identification purposes only. We shall be pleased to sign our draft audit report in its present or amended form after the draft financial statements are approved by the Board of Directors (the Board) and signed on their behalf by the Chief Executive and any one other Director and on receipt of the following:

- a) Letter of representation addressed to us on behalf of the Board and signed by the Chief Executive and Chief Financial Officer as per draft provided by us.
- b) The Board's resolution in respect of following:
 - Addition to property and equipment amounting to Rs. 0.298 million;
 - Addition to capital work in progress amounting to Rs. 6,653.089 million;
 - Restricted funds utilized during the year amounting to Rs. 293.828 million;
 - Remuneration of Chief Executive, Directors and executives as disclosed in note 17 to the financial statements and;
 - Transactions with related parties as disclosed in note 18 to the financial statements.
- c) Reply to our standard confirmation letter in respect of legal advisor - Abdul Hafeez.
- d) Directors' report as required under section 223(6) of the Companies Act, 2017.

We would like to advise you that unless we have signed our audit report, these draft financial statements shall remain and deemed unaudited.

Below are the matters which we would like to bring into attention of the board:

1. RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS

The responsibilities of the independent auditors in a usual examination of financial statements are stipulated in section 249 of the Companies Act, 2017 and International Standards on Auditing. While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of such statements is primarily that of the Company's management.

The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Company and prevention and detection of frauds and irregularities. The audit of financial statements does not relieve the management of its responsibilities.

2. CAPITAL WORK IN PROGRESS

As of the reporting date, the Company has recorded Capital Work-in-Progress (CWIP) amounting to Rs. 24,037.797 million (2024: Rs. 17,384.708 million) which is incurred on the construction of Karachi BRT Red Line Project and paid to the contractors directly by the grantors. As per the agreement, an independent engineering consultant is involved for the verification of construction bills and progressive payments. As an auditor, we placed reliance on consultant reports and approval of running bills for payments to ascertain the accuracy of the reported amounts.

We suggest that the management should appraise the work of consultants from time to time to ensure the compliance of relevant agreements involved in the project.

3. TAXATION

Section 100C of the Income Tax Ordinance, 2001 has been introduced which states that the income of non-profit organizations (NPO) as mentioned in sub-section (2) of the Income Tax Ordinance, 2001 shall be allowed a tax credit equal to one hundred per cent of the tax payable, including minimum tax and final taxes payable under any of the provisions of Income Tax Ordinance, 2001 (ITO, 2001), subject to the following conditions:

- a) return has been filed;
- b) tax required to be deducted or collected has been deducted or collected and paid;
- c) withholding tax statements for the preceding tax year have been filed.

- d) the administrative and management expenditure does not exceed 15% of the total receipts.
- e) approval of Commissioner has been obtained as per requirement of clause (36) of Section 2 of ITO 2001 for NPO status.

The Company has not been granted NPO approval by Federal Board of Revenue (FBR) for the year 2025. We have been informed by the management that it is in correspondence with FBR in respect of grant of NPO Status for the year 2025. The management has represented that the Company has fulfilled the above conditions (a to d) for claiming tax credit and therefore no provision for taxation has been made. We seek the concurrence of the Board on the matter.

4. WITHHOLDING TAX PAYABLE

As per Rule 43 of the Income Tax Rules, 2022, "Where the tax has been collected or deducted by a person other than the Federal Government or Provincial Government, the tax collected or deducted shall be paid to the Commissioner by remittance to the Government Treasury or deposit in an authorized branch of the State Bank of Pakistan or the National Bank of Pakistan, within seven days from the end of each week ending on every Sunday.

As disclosed in note 15 to the financial statements, withholding tax payable amounting to Rs. 8.280 million represents withholding tax deducted on salaries. We have noted that the tax deducted has not been paid to the Government within the stipulated time as per the above requirement.

We suggest that income tax deducted should be deposited within the stipulated time to avoid any penal action against the Company.

5. PROVIDENT FUND PAYABLE

As required by Section 218(1) of the Companies Act, 2017, amounts deducted in respect of Provident Fund contributions shall be deposited by the Company within fifteen days from the date of deduction. We noted that, except for the months of January, February and June, contributions were not deposited within the fifteen days' time period for every month of contributions deducted.

We suggest that provident fund contributions should be deposited within the stipulated time to avoid any penal action against the Company.

6. INDEPENDENCE

We confirm that in our professional judgment, the firm is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit engagement team has not been compromised.

7. CONTINGENCIES AND COMMITMENTS

We have been informed by the management that there are no contingencies and commitments as on the date of the financial statements other than those disclosed in the financial statements. Kindly confirm the representation made to us by the management.

8. RELATED PARTY TRANSACTIONS AND BALANCES

We have been informed by the management that there were no transactions and balances with the related parties other than those disclosed in the notes to the financial statements. Kindly confirm the representation made to us by the management.

9. FRAUD AND ERROR

We have been informed by the management that no case of fraud and error has been brought to their knowledge during the year. Kindly confirm the representation made to us by the management.

10. COMPLIANCE WITH STATUTORY LAWS AND REGULATIONS

We have been informed by the management that there were no instances of non-compliance with statutory laws and regulations other than mentioned above that would have financial reporting implications. Kindly confirm the representation made to us by the management.

11. SUBSEQUENT EVENTS

We have been informed by management that there were no subsequent events which would require adjustment or disclosure in the financial statements. Kindly confirm the representation made to us by the management.



We take this opportunity to thank all your management and finance team for the courtesy and cooperation extended to us during the course of our audit.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'BDO Ebrahim & Co.' with a flourish at the end.

BDO EBRAHIM & CO.

Encl. as above

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRANSKARACHI (A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of TRANSKARACHI (the Company), which comprise the statement of financial position as at June 30, 2025, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and notes to the financial statements including the material accounting policy 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 statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in funds and the statement cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2025 and of the surplus, its other comprehensive income, the changes in accumulated funds and its cash flows for the year then ended.

Basis for Opinion

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

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

Management is responsible for the other information. The other information comprises the information included in the Director's report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: 01 JAN 2026

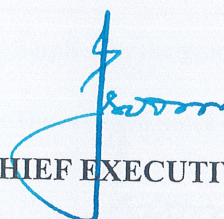
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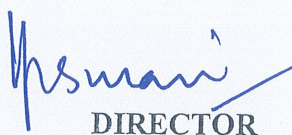

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

TRANSKARACHI
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

	Note	2025	2024
-----Rupees-----			
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	24,078,281,388	17,438,754,979
Intangible assets	6	2,010,528	2,513,157
Security deposit against lease liability		1,050,000	1,050,000
		<u>24,081,341,916</u>	<u>17,442,318,136</u>
CURRENT ASSETS			
Stores and consumables	7	959,550	1,527,902
Advances, deposits and prepayments	8	7,555,621	6,413,255
Cash and bank balances	9	178,505,211	95,041,583
		<u>187,020,382</u>	<u>102,982,740</u>
TOTAL ASSETS		<u><u>24,268,362,298</u></u>	<u><u>17,545,300,876</u></u>
FUNDS AND LIABILITIES			
Unrestricted Funds		70,000	-
RESTRICTED FUNDS			
Deferred grant	10	23,091,623,752	16,309,434,811
NON CURRENT LIABILITIES			
Lease liabilities	11	-	4,039,786
Retention money and performance security	12	664,405,582	297,018,617
		<u>664,405,582</u>	<u>301,058,403</u>
CURRENT LIABILITIES			
Accrued and other liabilities	13	506,616,770	929,217,462
Current portion of lease liabilities	11	5,646,194	5,590,200
		<u>512,262,964</u>	<u>934,807,662</u>
TOTAL FUNDS AND LIABILITIES		<u><u>24,268,362,298</u></u>	<u><u>17,545,300,876</u></u>
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes from 1 to 25 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

TRANSKARACHI
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025			2024		
		Restricted	Un-restricted	Total	Restricted	Un-restricted	Total
		----- Rupees -----			----- Rupees -----		
INCOME							
Income recognized on deferred loan / restricted funds	10.1.5	293,828,952	-	293,828,952	279,637,746	-	279,637,746
Tender fee		-	70,000	70,000	-	-	-
		<u>293,828,952</u>	<u>70,000</u>	<u>293,898,952</u>	<u>279,637,746</u>	<u>-</u>	<u>279,637,746</u>
EXPENDITURE							
Salaries, allowances and other benefits	15	209,199,643	-	209,199,643	207,152,538	-	207,152,538
Directors' fee		10,546,920	-	10,546,920	6,876,575	-	6,876,575
Legal and professional charges		1,798,265	-	1,798,265	51,975	-	51,975
Repairs and maintenance		1,726,049	-	1,726,049	2,224,935	-	2,224,935
Communication charges		2,571,370	-	2,571,370	2,935,688	-	2,935,688
Printing and stationary		1,633,674	-	1,633,674	1,768,312	-	1,768,312
Insurance expense		5,016,975	-	5,016,975	6,513,794	-	6,513,794
Office expenses		2,686,781	-	2,686,781	2,236,600	-	2,236,600
Travelling, conveyance and entertainment		295,234	-	295,234	11,219,959	-	11,219,959
Fuel expenses		7,564,075	-	7,564,075	-	-	-
IT expenses		5,504,418	-	5,504,418	3,717,156	-	3,717,156
Utilities		7,103,953	-	7,103,953	6,124,216	-	6,124,216
Advertisement expense		1,297,508	-	1,297,508	1,935,399	-	1,935,399
Postage expenses		78,102	-	78,102	42,122	-	42,122
Consultancy charges		840,000	-	840,000	1,073,500	-	1,073,500
Fee and subscription		16,525	-	16,525	2,814,267	-	2,814,267
Auditor's remuneration	16	1,080,000	-	1,080,000	1,332,000	-	1,332,000
Office supplies		408,511	-	408,511	1,030,158	-	1,030,158
Meal and entertainment		3,036,584	-	3,036,584	1,995,795	-	1,995,795
Training, seminar and workshop		105,000	-	105,000	786,312	-	786,312
Compensation to displaced person		8,540,000	-	8,540,000	-	-	-
Interest on leases		1,394,858	-	1,394,858	2,334,723	-	2,334,723
Internal audit fee		7,020,000	-	7,020,000	-	-	-
Depreciation	5	13,861,877	-	13,861,877	14,889,887	-	14,889,887
Amortization	6	502,630	-	502,630	581,835	-	581,835
		<u>293,828,952</u>	<u>-</u>	<u>293,828,952</u>	<u>279,637,746</u>	<u>-</u>	<u>279,637,746</u>
Surplus for the year		-	70,000	70,000	-	-	-

The annexed notes from 1 to 25 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER

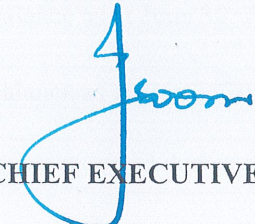

DIRECTOR

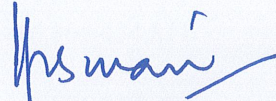
TRANSKARACHI
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
	-----Rupees-----	
Surplus for the year	70,000	-
Other comprehensive income	-	-
Total comprehensive income for the year	<u>70,000</u>	<u>-</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER


DIRECTOR

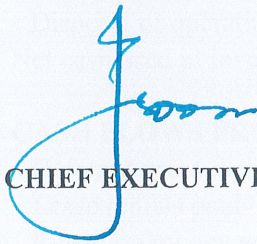
TRANSKARACHI
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Unrestricted Fund	Restricted Fund	Total
General fund	Deferred Grant	
-----Rupees-----		

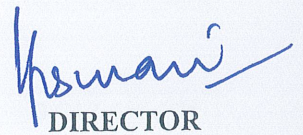
Balance as at July 1, 2023	-	7,291,989,136	7,291,989,136
Funds received during the year	-	9,297,083,421	9,297,083,421
Transferred to income and expenditure	-	(279,637,746)	(279,637,746)
Balance as at June 30, 2024	-	16,309,434,811	16,309,434,811
Balance as at July 1, 2024	-	16,309,434,811	16,309,434,811
Funds received during the year	-	7,076,017,893	7,076,017,893
Surplus transferred from income and expenditure	70,000	-	70,000
Transferred to income and expenditure	-	(293,828,952)	(293,828,952)
Balance as at June 30, 2025	70,000	23,091,623,752	23,091,693,752

The annexed notes from 1 to 25 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

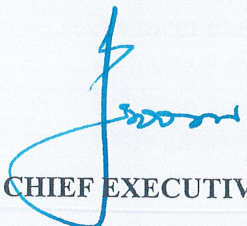


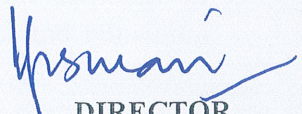
DIRECTOR

TRANSKARACHI
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
	-----Rupees'-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	70,000	-
Adjustments for items not involving movement of funds:		
Depreciation	13,861,877	14,889,888
Amortisation	502,630	581,836
Interest on leases	1,394,858	2,334,723
	15,829,365	17,806,447
(Increase) / decrease in current assets		
Deposits and prepayments	(1,142,366)	(619,354)
Stores and consumables	568,352	(979,600)
	(574,014)	(1,598,954)
Increase / (decrease) in current liabilities		
Accrued and other liabilities	(422,600,692)	893,636,439
Net cash (used in) / generated from operations	(407,345,341)	909,843,932
Interest paid	(1,394,858)	(2,334,723)
Net cash (used in) / generated from operating activities	(408,740,199)	907,509,209
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to operating fixed assets	(298,950)	(2,500,070)
Additions to capital work in progress	(6,653,089,336)	(10,047,947,266)
Additions to intangible assets	-	(480,480)
Disposal of operating fixed assets	-	280,500
Net cash used in investing activities	(6,653,388,286)	(10,050,647,316)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred grant	6,782,188,941	9,017,445,675
Lease rentals paid	(3,983,793)	(2,747,278)
Retention money and performance security received	367,386,965	210,709,033
Net cash flows from financing activities	7,145,592,113	9,225,407,430
Net increase in cash and cash equivalents	83,463,628	82,269,323
Cash and cash equivalents at beginning of the year	95,041,583	12,772,260
Cash and cash equivalents at end of the year	178,505,211	95,041,583

The annexed notes from 1 to 25 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

TRANSKARACHI
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1 NATURE AND STATUS OF BUSINESS

- 1.1 TransKarachi (the Company) was incorporated on October 11, 2018 as a company limited by guarantee under section 42 of the Companies Act, 2017. The primary objective is to build, operate, manage and maintain Karachi Bus Rapid Transit System "the BRT Project" in an efficient and sustainable manner which reflects best international practices in construction, contract management, procurement and service delivery of Karachi Bus Rapid Transit Red Line Project assigned by Sindh Mass Transit Authority (SMTA), the executing agency, for the benefit of public at large.
- 1.2 The Company is wholly owned by the Government of Sindh.
- 1.3 The registered office of the Company is situated at C-89, Block 2 , Clifton, Karachi.

1.4 Project Description

On October 04, 2016, Islamic Republic of Pakistan entered into loan agreement through Secretary Economic Affairs Division vide loan No.6008 with Asian Development Bank (ADB) to finance Project Design Advance (PDA) in form of a Loan "PDA Loan" of USD 9.7 million for:

- a. Capacity building;
- b. Detailed engineering design; and
- c. Operational design.

Out of "PDA Loan" of USD 9.7 million, USD 8.33 million equivalent to Rs. 1,132 million were utilized against project design advance and USD 94.82 million against taxes were financed by Government of Sindh and therefore total expense against PDA incurred amounted to Rs. 1,226 million.

The Sindh Mass Transit Authority (SMTA) established the Company on October 11, 2018, as wholly responsible for the implementation of "the BRT Project" which will help increase the use of quality public transport in Karachi by delivering the 26.6 kilometre Red Line Bus Rapid Transit (BRT) corridor and associated facilities, directly benefiting millions of people.

As mentioned in Project Administration Manual issued in June 2019, cost of the project was estimated to be USD 572 million. To help finance the project, the Islamic Republic of Pakistan required financing of USD 484 million from financial institutions and remaining USD 88 million to be financed by Government of Sindh.

In updated Project Administration Manual issued in November 2021, estimated cost was revised to USD 503 million. To help finance the project, the Islamic Republic of Pakistan required financing of USD 427.6 million from financial institutions and remaining USD 75.6 million to be financed by Government of Sindh.

The Islamic Republic of Pakistan entered into loan agreement through Secretary Economic Affairs Division with following institutions for financing of USD 427.6 million through following institutions:

- A loan agreement of USD 235 million from ADB's ordinary capital resources vide loan No 3799 dated June 19, 2020, inclusive of USD 9.7 million project design advance;
- A loan agreement of USD 71.8 million from Asian Infrastructure Investment Bank (AIIB) vide loan No. 8368 dated February 24, 2021;
- A loan agreement of USD 71.8 million from Agence Francaise de Development (AFD) vide loan No. 8366 March 15, 2021;
- A loan agreement of USD 37.2 million from Green Climate Fund (GCF) vide loan No. 8367 dated June 19, 2020; and
- A grant agreement of USD 11.8 million from Green Climate Fund (GCF) vide Grant No. 0649 dated June 19, 2020.

On August 10, 2020, SMTA handed over all documents and details of expenses incurred till that date against the project and assigned to the Company as Implementing Agency with responsibility of implementation of carrying out the project as per Project Administration Manual issued in November 2021.

On March 26, 2021 a tripartite agreement between SMTA, Government of Sindh and the Company was entered whereby the Company was agreed to be responsible for carrying out project implementation, management and operation of Mass Transit System.

As per tripartite agreement, SMTA shall retain title to and legal ownership of all immovable assets for and in connection with the Project whereas the Company shall be entitled to sub lease and sub license the immovable assets. As per the lease agreement between the Company and SMTA, the Company will have the necessary rights in the immovable assets to undertake all activities stated hereinabove for which the Company will be eligible to get the benefits arising from asset being constructed.

The Company retains title to and legal ownership of all movable assets procured in connection with the Project.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

- Accounting Standards for Not for Profit Organizations (Accounting Standards for NPOs) issued by the Institute of the Chartered Accountants of Pakistan (ICAP) as notified under the Act.

- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the IFRS and Accounting Standards for NPOs differ from the requirements of the Act, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee ('Rs.' or 'Rupees'), which is the Company's functional and presentation currency.

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

3.1 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

3.2 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 additional disclosures.

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 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.

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 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 SECP.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies set out below are consistently applied for all periods presented in these financial statements, unless otherwise stated.

4.1 Property and equipment

a) Operating fixed assets

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged on the basis of written down value method whereby cost of an asset is written off at the rates given in note 5.1. Full month depreciation is charged on addition, while no depreciation is charged in the month of disposal of assets.

Major renewals and repairs are capitalized and the assets so replaced are retired, if any. Minor renewals or replacement, maintenance and repairs are charged to the statement of income and expenditure as and when incurred. Gains or losses on disposal of property and equipment are accounted for in the statement of income and expenditure for the year.

Estimates of useful life and residual value of property and equipment are based on the management best estimates. The asset's residual value, depreciation method and useful life are reviewed and adjusted, if appropriate at each reporting date.

b) Capital work in progress

These are stated at cost less accumulated impairment, if any. The cost of capital work in progress consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

c) Right of use assets

The right-of-use asset is initially measured at cost which is the initial measurement of lease liability, and subsequently at cost less any accumulated depreciation and impairment losses, if any. The right-of-use asset is depreciated using the straight-line method over the lease term, as disclosed in the respective note.

4.2 Intangible assets

These are stated at cost less accumulated amortisation and impairment losses, if any. Costs that are directly associated with identifiable asset and have probable economic benefit exceeding one year are recognised as intangible assets. Direct costs include the purchase cost of software and related overhead cost. Cost associated with maintaining computer software programs are recognised as an expense as incurred.

Amortisation is charged to the statement of income and expenditure on the basis of written down value method at the rates given in note 6.

Amortisation on additions is charged from the date the asset is available for use and continued to be amortised to the date on which it is derecognised.

The asset's residual value, the method of amortization and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

4.3 Advance, deposits and prepayments

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value. These assets are written off when there is no reasonable expectation of recovery.

4.4 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognized in the statement of profit or loss other than revaluation asset which is recognized in revaluation reserve, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

4.5 Financial instruments

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

4.5.1 Financial assets

The Company classifies its financial assets in the following categories:

At amortized cost

Financial assets are measured at amortized cost when:

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

At fair value through other comprehensive income (FVOCI)

Financial assets are measured at fair value through other comprehensive income when:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

Other financial assets

All financial assets which do not fall into the first two categories are stated at fair value through profit or loss (FVTPL).

Subsequent measurement of financial assets

Financial assets measured at amortized cost These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / mark-up income and impairment are recognized in the statement of income and expenditure.

Debt Investments at FVOCI These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method which, are recognized in the statement of income and expenditure. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of income and expenditure.

Equity

Investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognised as income in the unconsolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of income and expenditure.

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in the statement of income and expenditure.

De-recognition

Financial assets are derecognized when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

4.5.2 Financial liabilities

Financial liabilities are classified as measured 'at amortized cost' or 'at fair value through profit or loss' (FVTPL). A financial liability is classified at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of income and expenditure.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the statement of income and expenditure. Any gain or loss on de-recognition is also recognized in the statement of income and expenditure.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

4.5.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.6 Lease liability

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

In calculating the present value of lease payments, the Company uses the rate implicit in the lease. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made

4.7 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and balances with banks.

4.8 Provisions

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

4.9 Funds / grants

a) Funds

General fund

Surplus / (deficit) from unrestricted funds during the year is recognized in general fund.

Restricted fund

This represents funds of non-capital nature which is subject to the grantors' imposed restrictions for future performance conditions. Initially, these are recognized in the statement of financial position as deferred income at their receipt. Subsequently, these are recognized in the statement of income and expenditure to the extent of actual expenses incurred.

b) Deferred capital grant

Grant received for operating fixed assets is initially recorded as deferred capital grant upon receipt. Cost incurred for purchase of property and equipment is recognised as capital expenditure and the cost incurred for capital work in progress (based on contractor billing) is then recorded as deferred capital grants. Deferred capital grants are amortized to the statement of income and expenditure over useful life of the related asset.

4.10 Accrued and other liabilities

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

4.11 Staff retirement benefits- Provident Fund

The Company has a defined contribution plan for its regular contractual employees. Monthly equal contribution at the rate of 10% of basic pay is made both by employee and employer.

4.12 Income

Un-restricted fund

Income in respect of un-restricted fund is recognized when the company earns income other than receipt in respect of restricted fund.

Deferred grant / restricted fund

Deferred grants / restricted funds are recognized in the statement of income and expenditure to the extent of the actual expenditure incurred or when all the conditions related to grant are met.

4.13 Taxation and levy

4.13.1 Taxation

The Company is registered with the income tax authorities as not for profit organisation under section 2(36) (c) of the Income Tax Ordinance, 2001 read with Rule 212 and 220 of the Income Tax Rules, 2002. The Company does not account for taxation, as not for profit organisations are allowed a tax credit equal to one hundred percent (100%) of the tax payable including minimum tax and final tax payable, under section 100C of the Income Tax Ordinance, 2001. The management has confirmed that the Company fulfils the conditions for claiming tax credit under Section 100C, however, it is in the process of submitting Performance Evaluation Report to Pakistan Centre for Philanthropy in order to obtain approval for non-profit organisation for the year 2025 and, therefore, no provision for taxation has been recorded in these financial statements.

4.13.2 Levy

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the Institute of Chartered Accountants of Pakistan, these fall within the scope of IFRIC 21 / IAS 37 and accordingly classified as levy.

4.14 Foreign currency translation

Transactions in foreign currencies are converted into Pak Rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date. Exchange gains and losses are included in the statement of income and expenditure.

4.15 Related party transactions

All transactions with related parties arising in the normal course of business are conducted on commercial terms as determined by the management with the approval of the Board of Directors.

4.16 Use of judgements and estimates

The preparation of financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan, requires the use of critical accounting estimates. It also requires management to exercise its judgements in the process of applying the Company's accounting policies. Estimates and judgements are evaluated on continuing basis and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognized in the period in which the estimates is revised and in every future period affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgements which are significant to these financial statements.

- Useful lives, recoverable amount, residual value and depreciation method of property and equipment (note 4.1 & 5);
- Useful lives, recoverable amount and amortization method of intangible assets (note 4.2 & 6);
- Provisions and Contingencies (note 4.7).
- Taxation (note 4.12).

	Note	2025 Rupees	2024 Rupees
5 OPERATING FIXED ASSETS			
Operating fixed assets	5.1	40,483,400	54,046,327
Capital work in progress	5.2	24,037,797,988	17,384,708,652
		<u>24,078,281,388</u>	<u>17,438,754,979</u>

5.1 Operating fixed assets

Description	Air conditioners	Office equipments	Computer and equipments	Motor vehicles	Furniture and fixtures	Generator	Right of use assets	Total
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Year ended June 30, 2025

Net carrying value basis

Opening net book value	1,130,260	3,445,531	9,100,489	20,660,735	9,675,756	1,650,765	8,382,791	54,046,327
Additions (at cost)	-	136,500	-	-	162,450	-	-	298,950
Depreciation charge	(339,078)	(1,040,484)	(1,882,820)	(4,132,147)	(1,945,799)	(330,153)	(4,191,396)	(13,861,877)
Closing net book value	<u>791,182</u>	<u>2,541,547</u>	<u>7,217,669</u>	<u>16,528,588</u>	<u>7,892,407</u>	<u>1,320,612</u>	<u>4,191,395</u>	<u>40,483,400</u>

Gross carrying value basis

Cost	2,833,132	7,719,444	15,281,985	33,927,682	16,344,087	2,980,108	13,704,417	92,790,855
Accumulated depreciation	(2,041,950)	(5,177,897)	(8,064,316)	(17,399,094)	(8,451,680)	(1,659,496)	(9,513,022)	(52,307,455)
Net book value	<u>791,182</u>	<u>2,541,547</u>	<u>7,217,669</u>	<u>16,528,588</u>	<u>7,892,407</u>	<u>1,320,612</u>	<u>4,191,395</u>	<u>40,483,400</u>

Year ended June 30, 2024

Net carrying value basis

Opening net book value	1,614,656	4,257,393	9,920,229	25,808,669	12,008,640	2,063,456	3,769,486	59,442,529
Additions (at cost)	-	636,941	1,787,700	-	75,430	-	-	2,500,071
Reassessment of lease liabilities	-	-	-	-	-	-	7,274,115	7,274,115
Disposal-(NBV)	-	-	(280,500)	-	-	-	-	(280,500)
Depreciation charge	(484,396)	(1,448,803)	(2,326,940)	(5,147,934)	(2,408,314)	(412,691)	(2,660,810)	(14,889,888)
Closing net book value	<u>1,130,260</u>	<u>3,445,531</u>	<u>9,100,489</u>	<u>20,660,735</u>	<u>9,675,756</u>	<u>1,650,765</u>	<u>8,382,791</u>	<u>54,046,327</u>

Gross carrying value basis

Cost	2,833,132	7,582,944	15,281,985	33,927,682	16,181,637	2,980,108	13,704,417	92,491,905
Accumulated depreciation	(1,702,872)	(4,137,413)	(6,181,496)	(13,266,947)	(6,505,881)	(1,329,343)	(5,321,626)	(38,445,578)
Net book value	<u>1,130,260</u>	<u>3,445,531</u>	<u>9,100,489</u>	<u>20,660,735</u>	<u>9,675,756</u>	<u>1,650,765</u>	<u>8,382,791</u>	<u>54,046,327</u>

Depreciation rate per annum	30%	30%	20-30%	20%	20%	20%	50% SLM
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	Note	2025 -----Rupees-----	2024
5.2 The movement of capital work in progress			
Balance as at July 1		17,384,708,652	7,336,761,386
Additions	5.3	6,653,089,336	10,047,947,266
Balance as at June 30		<u>24,037,797,988</u>	<u>17,384,708,652</u>

5.3 The breakup of capital work in progress is as follows:

KBRT Redline Project Design	5.3.1	1,224,787,514	1,224,787,514
Civil Works - Main corridor - (24.2 Km) and 2 Depots	5.3.2	16,732,197,514	11,548,956,869
Relocation of utilities	5.3.3	2,897,599,940	2,897,499,940
Consultant - Project Management and Construction Supervision	5.3.4	1,911,357,813	1,099,527,086
Consultant - Project management Co- ordination and Capacity building	5.3.5	35,470,391	35,470,391
Consultant - Operational Design Business model	5.3.6	246,412,621	246,412,621
Environment and Social Safeguards Assessment	5.3.7	16,103,520	10,242,837
Consultant - EPCM (engineering, procurement and construction management)	5.3.8	313,466,857	313,466,857
Biogas Site	5.3.9	18,437,656	8,344,537
Resettlement Plan-Relocating Rangers Facility	5.3.10	641,964,162	-
		<u>24,037,797,988</u>	<u>17,384,708,652</u>

5.3.1 This represents cost incurred on BRT Project Feasibility financed by Asian Development Bank as Project Design Advance (PDA) Loan, whereas taxes and ancillary expenses were financed by Government of Sindh.

**5.3.2 Civil Works - Main corridor -
- (24.2 Km) and 2 Depots**

Zahir Khan & Brothers - Lot 1	5.3.2.1	5,716,032,460	4,275,018,090
CR3-AM Associates JV - Lot 2	5.3.2.2	11,016,165,054	7,273,938,779
		<u>16,732,197,514</u>	<u>11,548,956,869</u>

- 5.3.2.1 The contract, BRT Corridor and Buildings Construction Lot-1: Malir Halt Depot to Mausmiyat, was signed with M/s Zahir Khan & Brothers on December 8, 2021. Accepted contract value amounts to Rs. 13,795.327 million comprising of Phase 1 and Phase 2 of Rs. 12,818.465 million and Rs. 976.861 million respectively, including mobilization advance of 10% and additional advance of 7.5% of Phase-1 value as per terms of the contract. As of June 30, 2025, disbursement amounting to Rs. 5,716.032 million (2024: Rs. 4,275.018 million) upto IPC 8A along with price adjustment EPC 07 has been processed.
- 5.3.2.2 The contract, BRT Corridor and Buildings Construction Lot-2: Mausmiyat to Numaish, was signed with CR3 - AM Associates JV on January 4, 2022. Accepted contract value amounts to Rs. 15,935.701 million comprising of Phase 1 and Phase 2 of Rs. 14,724.136 million and Rs. 1,211.564 million respectively, including mobilization advance of 10% and additional advance of 7.5% of Phase-1 value as per terms of the contract. As of June 30, 2025, disbursement amounting to Rs. 11,016.165 million (2024: Rs. 7,273.938 million) upto IPC 13 along with price adjustment EPC-10 has been processed.
- 5.3.3 This is in relation to payment for relocation of utilities so that respective utility providers can start their own procurement process. Disbursement against relocation of utilities has been paid in full as per PC-1 and revised estimate submitted by utility companies.
- 5.3.4 This represents payment of Rs. 1,911.358 million (June 2024: Rs. 1,099.527 million) equivalent to USD 7.153 million (2024: USD 4.247 million) against Project Management & Construction Supervision (PMCS) contract.
- 5.3.5 This represents payment of Rs. 35.47 million (June 2024: Rs. 35.47 million) equivalent to USD 0.201 million (2024: USD 0.201 million) against Project Management, Co-ordination and Capacity Building (PMCCB) contract.
- 5.3.6 This represents payment of Rs. 246.412 million (2024: Rs. 246.412 million) equivalent to USD 0.885 million (2024: USD 0.885 million) against Variation No.1&2 to Operational Design and Business Modelling (ODBM) Contract.
- 5.3.7 This represents payment against Environmental and Social Safeguards (ESS) consultants.
- 5.3.8 This represents payment of Rs. 313.466 million (2024: 313.466 million) equivalent to USD 1.115 million (2024 USD: 1.115 million) against remaining balance of EPCM original contract plus variation order no. 1&2, after novation of contracts in the name of the Company.
- 5.3.9 This represents payment against Biogas Site security company and Geotechnical investigation tests of Site.
- 5.3.10 This represents payment of Rs. 641.964 million (2024: Nil) against relocation of Rangers Facility at Malir Depot, Mehran Depot and Mosamiyat Depot from Government of Sindh funding under Land Acquisition & Resettlement Plan (LARP) of PC-I.

	Note	2025 -----Rupees-----	2024
6			
INTANGIBLE ASSESTS			
Net carrying value basis			
Opening net book value		2,513,158	2,614,513
Additions (at cost)		-	480,480
Amortisation charged		(502,630)	(581,835)
Closing net book value		<u>2,010,528</u>	<u>2,513,158</u>
Gross carrying value basis			
Cost		4,129,452	4,129,452
Accumulated Amortisation		(2,118,924)	(1,616,294)
Net book value		<u>2,010,528</u>	<u>2,513,158</u>
Amortisation rate (% per annum)		<u>20</u>	<u>20</u>
7			
STORES AND CONSUMABLES			
Stationary and office supplies		294,750	1,527,902
IT accessories consumables		664,800	-
		<u>959,550</u>	<u>1,527,902</u>
8			
ADVANCES, DEPOSITS AND PREPAYMENTS			
Advances			
Advance tax		2,363,146	2,089,184
Others		334,172	302,663
Security deposits	8.1	2,700,250	2,688,250
Prepayments		2,158,054	1,333,158
		<u>7,555,622</u>	<u>6,413,255</u>
8.1	This includes security deposits given for fuel card, PC hotel and etc.		
9			
CASH AND BANK BALANCES			
Cash in hand		-	-
Cash at bank - current accounts	9.1	178,505,211	95,041,583
		<u>178,505,211</u>	<u>95,041,583</u>

	Note	2025 -----Rupees-----	2024
9.1	The breakup of current accounts is as follows:		
	Asian Development Bank - RFA account	9.1.1 118,093,128	93,641,585
	TransKarachi - operations account	9.1.2 60,412,083	1,399,998
		<u>178,505,211</u>	<u>95,041,583</u>

9.1.1 This is Revolving Fund Account (RFA) maintained with National Bank of Pakistan (NBP). During the year, the Company received amounts of Rs. 297.824 million equivalent to USD 1.062 million (2024: Rs. 352.090 million equivalent to USD 1.244 million) from Asian Development Bank (ADB) through Government of Pakistan (GOP) under the loan agreement (Loan No. 3799-PAK).

9.1.2 This includes BOD member subscription amounting to Rs. 1.399 million (2024: Rs. 1.399 million) under Companies Act, 2017 and Rs. 58.9 million (2024: Nil) as 10% security from contractor against the contract award for construction of Rangers Depots.

10 DEFERRED GRANT

Deferred grant	10.1	21,864,712,238	15,082,523,297
Deferred capital grant project design advance	10.2	1,226,911,514	1,226,911,514
		<u>23,091,623,752</u>	<u>16,309,434,811</u>

10.1 DEFERRED CAPITAL GRANT

Asian Development Bank	10.1.1	10,957,915,515	7,722,640,714
Asian Infrastructure Investment Bank	10.1.2	2,867,376,682	2,019,252,369
Agence Française de Développement	10.1.3	3,149,944,714	1,522,135,425
Government of Sindh	10.1.4	5,963,887,639	4,599,078,149
Grant utilized against expense	10.1.5	(1,074,412,312)	(780,583,360)
		<u>21,864,712,238</u>	<u>15,082,523,297</u>

10.1.1 This represents the grant of Rs 10,957.915 million (equivalent to USD 43.528 million) (2024: Rs. 7,722.640 million equivalent to USD 31.969 million) from Asian Development Bank (ADB) through Government of Pakistan under the loan agreement Karachi Bus Rapid Transit Red Line Loan no. 3799 - PAK dated June 19, 2020. The main objective of the loan is to meet the capital and operational expenditures of the project.

- 10.1.2 This represents grant of Rs 2,867.376 million (equivalent to USD 11.241 million) (2024: Rs. 2,019.252 million equivalent to USD 8.208 million) from Asian Infrastructure Investment Bank (AIIB) through Government of Pakistan under the loan agreement Karachi Bus Rapid Transit Red Line vide Loan no. 8368 dated February 24, 2021.
- 10.1.3 This represents grant of Rs 3,149.944 million (equivalent to USD 12.567 million) (2024: Rs. 1,522.135 million equivalent to USD 6.70 million) from Agence Française de Développement (AFD) through Government of Pakistan under the loan agreement Karachi Bus Rapid Transit Red Line vide Loan no. 8366 dated March 15, 2021.
- 10.1.4 This represents the grant received from the Government of Sindh for the payment of all the taxes, relocation of utilities and environment and resettlement plan.
- 10.1.5 This represents amount spent till date on operational and administrative expenses of the Company.

	Note	2025	2024
		-----Rupees-----	
10.2 Deferred grant Project Design Advance (PDA)			
Asian Development Bank	10.2.1	1,132,087,037	1,132,087,037
Government of Sindh	10.2.2	94,824,477	94,824,477
		<u>1,226,911,514</u>	<u>1,226,911,514</u>

- 10.2.1 This represents the loan received from Asian Development Bank (ADB) equivalent to USD 8,331,147 (2024: USD 8,331,147) through Government of Pakistan under loan agreement for the Project vide Loan No: 6008 which became part of Loan No. 3799-PAK on June 19, 2020. The main objective of the loan was to meet the cost of Project Design Advance incurred by Project Implementation Unit (PIU) i.e. Sindh Mass Transit Authority which was later on handed over to TransKarachi on August 08, 2020.
- 10.2.2 This represents the expenses incurred and taxes paid by Government of Sindh on Project Design. The expenses were incurred by Project Implementation Unit (PIU) i.e. Sindh Mass Transit Authority, which was subsequently handed over to the Company on August 08, 2020.

2025
2024

Rupees

Note

10.3 GRANT RECONCILIATION

The reconciliation of grant received and its utilization till date is as follows:

Asian Development Bank

Deferred capital grant	10.1.1	10,957,915,515	7,722,640,714
Project design grant	10.2.1	1,132,087,037	1,132,087,037
		12,090,002,552	8,854,727,751

Asian Infrastructure Investment Bank Agence Française de Développement

2,867,376,682	2,019,252,369
3,149,944,714	1,522,135,425

Government of Sindh

Deferred capital grant	10.1.4	5,963,887,639	4,599,078,149
Project design grant	10.2.2	94,824,477	94,824,477
		6,058,712,116	4,693,902,626
Total grants		24,166,036,064	17,090,018,171

Utilization of grant

Funds utilized		(1,074,412,312)	(780,583,360)
Operating fixed assets	5	(40,483,400)	(54,046,327)
Capital work in progress	5.2	(24,037,797,988)	(17,384,708,652)
Intangible assets	6	(2,010,528)	(2,513,157)
Security deposit against lease liability		(1,050,000)	(1,050,000)
Deposits and prepayments	7	(7,555,621)	(6,413,255)
Stores and consumables	8	(959,550)	(1,527,902)
Lease liabilities	11	5,646,195	9,629,986
Retention money and performance security	12	664,405,582	297,018,617
Accrued and other liabilities	13	506,616,769	929,217,462
		(23,987,600,853)	(16,994,976,588)

Unrestricted fund	70,000	-
Un-utilized grant balance with bank	178,505,211	95,041,583

11 LEASE LIABILITIES

Non-current portion	11.1	-	4,039,786
Current portion		5,646,194	5,590,200
		5,646,194	9,629,986

	Note	2025 -----Rupees-----	2024 -----Rupees-----
11.1	Movement of lease liability		
	Balance as at July 01	9,629,986	5,103,149
	Interest expense	1,394,858	2,334,723
	Lease payments	(5,378,650)	(5,082,001)
	Reassessment in lease liabilities	-	7,274,115
	Balance as at June 30	5,646,194	9,629,986
	Current portion of lease liability	(5,646,194)	(5,590,200)
	Non-current portion of lease liability	-	4,039,786
11.2	The maturity analysis of lease liability is as follows:		
	Less than one year	5,646,194	5,590,200
	One to five years	-	4,039,786
	Net present value	5,646,194	9,629,986

11.3 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which is 20.22% per annum.

12 RETENTION MONEY AND PERFORMANCE SECURITY

Retention money	12.1	605,463,497	297,018,617
Performance security	12.2	58,942,085	-
		664,405,582	297,018,617

12.1 This represents amount retained by the Company @ 5% of payment to contractors as security. The amount retained will be released after completion of the Project.

12.2 This represents amount deposit by the contractors @ 10% as performance security in order to satisfy performance in respect of construction of Rangers Depot.

13 ACCRUED AND OTHER LIABILITIES

Payable against contract	13.1	466,266,807	900,870,932
Accrued liabilities	13.2	25,122,631	3,203,121
Withholding tax payable		8,280,008	5,869,437
Auditor's remuneration		1,080,000	1,332,000
Provident fund payable	13.3	5,605,716	17,775,195
EOBI Payable		261,608	166,777
		506,616,770	929,217,462

- 13.1 This represents payable to contractors and consultants against capital work in progress.
- 13.2 This includes director fees payable amounting to Rs. 2.226 million (2024: Nil).
- 13.3 The investments out of provident fund have been made in accordance with the provision of section 218 of the Companies Act, 2017 and the rules made thereunder.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

There were no contingencies as at the reporting date (2024: Rs.Nil).

14.2 Commitments

Capital commitment for ongoing construction contract amounting to USD 351.931 million (2024: USD 372.5 million).

15 SALARIES, ALLOWANCES AND OTHER BENEFITS

These include an amount of Rs. 12.105 million (2024: Rs. 12.07 million) in respect of staff retirement benefits.

	Note	2025 -----Rupees-----	2024
16 AUDITORS' REMUNERATION			
Audit fees		840,000	700,000
Code of Corporate Governance		120,000	100,000
Review fees		-	432,000
Out of pocket expense		120,000	100,000
		1,080,000	1,332,000

17 REMUNERATION OF CHIEF EXECUTIVE DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration including all benefits to Chief Executive, Directors and Executives are as follows:

	2025				2024			
	Chief Executive	Director	Executives	Total	Chief Executive	Director	Executives	Total
Managerial remuneration	11,026,180	-	90,234,121	101,260,301	12,990,077	-	84,643,672	97,633,749
Meeting fee	-	10,546,920	-	10,546,920	-	6,876,575	-	6,876,575
Company's contribution to Provident Fund	849,842	-	6,234,953	7,084,795	999,197	-	5,833,776	6,832,973
	11,876,022	10,546,920	96,469,074	118,892,016	13,989,274	6,876,575	90,477,448	111,343,297
Number of persons	1	9	17	27	1	9	15	25

17.1 The CEO and executives (company secretary and general managers) have been provided with the Company maintained car along with fuel.

18 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of Government of Sindh, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties at terms as approved by the Board of Directors.

Name of related party	Nature of Relationship	Basis of Relationship
Directors	Directorship	Key Management Personnel
Chief Executive Officer	Directorship	Key Management Personnel
Government of Sindh	Ownership	Parent

Transactions and balances with related parties are as follows:

	Note	2025	2024
		-----Rupees-----	
18.1 Transactions during the year:			
Name of related party			
Directors			
BOD meeting fee		10,546,920	6,876,575
Chief Executive Officer			
Remuneration and benefits		11,876,022	13,989,274
Government of Sindh			
Release of funds		1,364,809,490	2,979,959,214
18.2 Year end balances			
Payable to Directors against meeting fee	13.2	2,226,572	-

19 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

Amortized cost

Security deposits - short term	2,700,250	2,688,250
Bank balances	178,505,211	95,041,583
	<u>181,205,461</u>	<u>97,729,833</u>

2025 2024
-----Rupees-----

Financial liabilities

Amortized cost

Lease liabilities	5,646,194	9,629,986
Accrued and other liabilities	498,075,154	923,181,248
	503,721,348	932,811,234

20 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company’s objective in managing risks is the creation and protection of stake holders’ value. Risk is inherent in the Company’s activities, but it is managed through a process of on going identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company’s continuing objectives. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances its operations through grants.

20.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with internal guidelines and regulatory requirements.

Credit risk of the Company arises principally from deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

Security deposits	2,700,250	2,688,250
Bank balances	178,505,211	95,041,583
	181,205,461	97,729,833

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. Rating of banks ranges from A-1+ to AAA.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

20.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	Carrying amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
			Rupees				
2025							
Lease liability	5,646,194	5,646,194	2,823,097	2,823,097	-	-	-
Accrued and other liabilities	506,616,770	506,616,770	506,616,770	-	-	-	-
	<u>512,262,964</u>	<u>512,262,964</u>	<u>509,439,867</u>	<u>2,823,097</u>	<u>-</u>	<u>-</u>	<u>-</u>
2024							
Lease liability	9,629,986	9,629,986	2,795,100	2,795,100	4,039,786	-	-
Accrued and other liabilities	929,217,462	929,217,462	929,217,462	-	-	-	-
	<u>938,847,448</u>	<u>938,847,448</u>	<u>932,012,562</u>	<u>2,795,100</u>	<u>4,039,786</u>	<u>-</u>	<u>-</u>

20.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk, and other price risk. The Company is only exposed to interest rate risk.

20.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to the risk of changes in market interest rates on leases.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	Note	2025	2024
		-----Rupees-----	
Financial liabilities			
Fixed rate instruments			
Lease liabilities		<u>5,646,194</u>	<u>9,629,986</u>

Reconciliation of movement of liabilities to cash flows arising from financing activities

	Lease liabilities	Total
Balance as at July 01, 2024	9,629,986	9,629,986
Changes from financing cash flows:		
Payment of lease liabilities	(3,983,793)	(3,983,793)
Total changes from financing activities		
Balance as at June 30, 2025	<u>5,646,193</u>	<u>5,646,193</u>
Balance as at July 01, 2023	5,103,149	5,103,149
Reassessment of lease	7,274,115	7,274,115
Changes from financing cash flows:		
Payment of lease liabilities	(2,747,278)	(2,747,278)
Total changes from financing activities		
Balance as at June 30, 2024	<u>9,629,986</u>	<u>9,629,986</u>

20.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value as the items are short term in

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. There were no transfers between Level 1, Level 2 and Level 3 during the year.

At the reporting date, none of the financial instruments of the Company are classified and measured at fair value. The carrying amount of all financial assets and liabilities reflected in the financial statements approximate their fair values.

21 FUND RISK MANAGEMENT

The main objectives of Company's fund management is serve the general public by providing modern transport services. The Company's objectives when managing fund are to safeguard the Company's ability to continue as a going concern, in order to provide services for general public. The Company manages its fund structure and makes adjustments to it in the light of changes in economic conditions. There were no change in Company's approach to funds management during the year. Further, the Company is not subject to any externally imposed capital requirements.

	2025	2024
	Number	
22 NUMBER OF EMPLOYEES		
Number of employees as at June 30, 2025	59	55
Average number of employees during the year	55	56

23 CORRESPONDING FIGURES

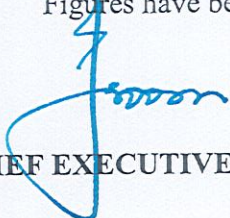
Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of better presentation and comparison. However, there were no material reclassification to report during the year.

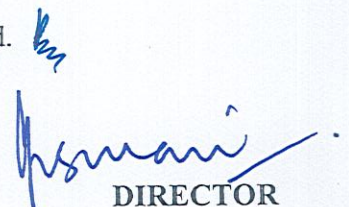
24 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 02 DEC 2025 by the Board of Directors of the Company.

25 GENERAL

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


CHIEF EXECUTIVE OFFICER


DIRECTOR