PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY

A Subsidiary of Pakistan Industrial Development Corporation (PIDC)
A Company set up under section 42 of the Companies Ordinance, 1984
(Now Companies Act 2017).
Ministry of Industries & Production, Government of Pakistan

ANNUAL REPORT WITH DIRECTORS' REPORT

FOR THE YEAR ENDED
30TH JUNE - 2020

Suite No. 115-118, 1st Floor,
Progressive Plaza, Beaumont Road,
Karachi.
Tel: +92-21 5631396-97
Fax: +92-21 5631398
E-mail: info@pgjdc.org
Website: www.pgjdc.org

ANNUAL REPORT WITH DIRECTORS REPORT OF THE COMPANY BOARD OF DIRECTORS & ITS COMMITTEES (2019-20)

CHAIRMAN

1) Mr. Izhar Hunzai

MEMBERS BOARD OF DIRECTOR

2) Sr.Joint Secretary (MED), Ministry of Industries and Production, Government of Pakistan.
3) Secretary, Trade Development Authority of Pakistan.
4) Chief Executive Officer, Small and Medium Enterprise Development Authority (SMEDA).
5) Chief Executive Officer, Pakistan Industrial Development Corporation (PIDC).
6) Secretary, Mines & Minerals Development Department, Government of Khyber Pakhtunkhwa.
7) Secretary, Mines & Minerals Development Department, Government of Balochistan.
8) Secretary , Industries. Commerce Mineral Resources and Labour Department, Government of Azad Jammu & Kashmir.
9) Secretary, Mines Development, Industries, Commerce & Labour Department, Government of Gilgit-Baltistan.
10) Chief Executive Officer, PGJDC
11) Mr. Shahid Iqbal Qureshi, Punjab.
12) Ms. Nadia Ahmed Chhotani, Sindh.
13) Mr. Imran Nazir, Khyber Pakhtunkhwa.
14) Malik Waliullah Khan Kasi, Balochistan.

DIRECTORS' REPORT

The Board of Directors of Pakistan Gems and Jewellery Development Company is pleased to present the 14th Directors Report & Annual Report along with the Company's Audited financial statements for the year ended June 30, 2020.

A. PERFORMANCE REVIEW

1. PROJECTS FOR SKILLS DEVELOPMENT AND TECHNICAL UP- GRADATION:

a. Gems and Jewellery Training and Manufacturing Centre, Karachi:

Gems & Jewellery Training & Manufacturing Centre Karachi is mandated to provide trainings with the practical exposure in different fields of Gems and Jewellery especially in Gemmology, Computer Aided Designing and manufacturing etc. GJTMC-Karachi had also conducted training programs in collaboration with organizations like BBSYDP, NAVTTC etc. Other facilities like Gemstone Certification, RP wax modeling, Mould making, casting services etc are also available for the sector. As the funding for operations of PGJDC projects got finished, the employees of GJTMC Karachi were laid off after June 2019. Currently, the operations of the center are at a halt and will resume once funding is approved from relevant quarters.

PGJDC, upon directives of BoD and MoIP, have approached the Sindh Government to collaborate in reviving operations of the Center and deliberations with them are underway.

b. Gems and Jewellery Training and Manufacturing Centre, Lahore:

Gems and Jewellery Training and Manufacturing Centre (GJTMC), Lahore is mandated to provide trainings to local sector in the fields of Gemmology, Gemstone cutting, Computer aided jewellery designing. Gemstones are Identified Gem Identification reports are issued to the sector to promote genuine business. Other facilities like RP wax modeling, Mould making, casting services etc are also available for the sector.

As the funding for operations of PGJDC projects got finished, the employees of GJTMC Lahore were laid off after June 2019. Currently, the operations of the center are at a halt and will resume once funding is approved from relevant quarters.

PGJDC, upon directives of BoD and MoIP, have approached the Punjab Government to collaborate in reviving operations of the Center and deliberations with Punjab TEVTA are underway. Committees have been constituted by both parties to devise a mechanism of collaboration between the two organizations for reviving operations of the Centre.

c. **Gems and Jewellery Training and Manufacturing Centre, Gilgit:**

The centre caters to the needs of training of the gems & jewellery sector of Gilgit Baltistan. GJTMC-Gilgit has also conducted training programs in collaboration with NAVTTC in Gem Faceting, Gem Carving, Gem identification and Fashion Jewellery made by wire and beads.

As the funding for operations of PGJDC projects got finished, the employees of GJTMC Gilgit were laid off after June 2019. Currently, the operations of the center are at a halt and will resume once funding is approved from relevant quarters.

PGJDC, upon directives of BoD and MoIP, have approached the Gilgit-Baltistan Government to collaborate in reviving operations of the Center and deliberations with them are underway. The Provincial Government of Gilgit-Baltistan has agreed to collaborate with PGJDC for reviving operations of the Center. An agreement has been drafted in this regard which is under consideration at MoIP.

d. **Gems and Jewellery Training and Manufacturing Centre, Peshawar:**

The project is mandated to provide the facility for skills development in various domains of Gems and Jewellery including Gem Identification, Gemstone faceting & carving, Jewellery Designing. Trainings are have also been conducted at the Center in collaboration with FATA Development Authority, NAVTTC etc.

As the funding for operations of PGJDC projects got finished, the employees of GJTMC Peshawar were laid off after June 2019. PGJDC, upon directives of BoD and MoIP, approached the KPK Government to collaborate in reviving operations of the Center and subsequently the operations of the Center were taken up by KP-TEVTA in November 2019.

e. **Gems and Jewellery Training and Manufacturing Centre, Quetta**

GJTMC Quetta offers Gems & Jewellery training to the local sector of Balochistan in the areas of Gemstone Identification, Gemstone Faceting & Carving, Manual Jewellery Designing and Fashion Jewellery Making with beads and wire. Trainings have also been imparted at the Center in collaboration with NAVTTC, BUITEMS, GIZ etc.

As the funding for operations of PGJDC projects got finished, the employees of GJTMC Quetta were laid off after June 2019. Currently, the operations of the center are at a halt and will resume once funding is approved from relevant quarters.

PGJDC, upon directives of BoD and MoIP, have approached the Balochistan Government to collaborate in reviving operations of the Center and deliberations with them are underway.

f. **Gems and Jewellery Training and Manufacturing Centre, Sargodha:**

The Gems and Jewellery Training and Manufacturing Center, Sargodha was equipped with the latest machinery, equipment and tools, and offered courses in jewellery Designing both manual and computer aided, Gemstone Identification and jewellery manufacturing to the local sector.

The project was funded by PIDC and has been discontinued. The Machinery and Equipment of the Center are safeguarded at Furniture Pakistan Office in Sargodha.

g. **Gems and Jewellery Training and Processing Centre, Muzaffarabad (AJK):**

The Gems and Jewellery Training and Processing Center, Muzaffarabad (AJK) provides training in the fields of Gemstone Carving, Gemstone Faceting and Gemstone Identification. The center is equipped with the latest machinery, equipment along with trained faculty.

As the funding for operations of PGJDC projects got finished, the employees of GJTPC AJK were laid off after June 2019. Currently, the operations of the center are at a halt and will resume once funding is approved from relevant quarters.

PGJDC, upon directives of BoD and MoIP, have approached the AJK Government to collaborate in reviving operations of the Center and deliberations with them are underway. The Government of AJK has agreed to collaborate with PGJDC for reviving operations of the Center. An agreement has been drafted in this regard which is under consideration at MoIP.

2. GEM EXCHANGE:

Gem Exchanges were established by PGJDC at Peshawar and Quetta, primarily to facilitate linkages between buyers and sellers of gemstones. It was an integrated approach of providing all the services under one roof, reducing costs and increasing cooperation amongst different stakeholders of the value chain. Both exchanges have been closed down upon achieving the defined targets as per PC -1.

3. GEM IDENTIFICATION LABORATORIES:

To improve upon the quality of the industry, introduction of standards in the form of certification of gemstones is essential. PGJDC has set up full-fledged and modern Gem Identification Laboratories at Karachi, Lahore, Peshawar, Quetta, Gilgit, and Muzaffarabad (AJK). These laboratories were housed in the training centers setup by PGJDC in these cities.

These laboratories provided the facilities of gemstone testing to the customers at very subsidized rates. In these Gem Labs, precious and semi-precious stones were examined, tested and reports were generated, containing details about their color, shape, cutting style, weight, measurements, etc, and are issued to the customers.

As the funding for operations of PGJDC projects got finished, the operations of these labs are at a halt and will resume once funding is approved from relevant quarters.

4. ASSAYING/ HALLMARKING:

Introduction of Assaying & Hallmarking in Pakistan is among the major initiatives undertaken by PGJDC for introducing quality standards into the local industry and increasing the credibility of Pakistani products in international markets.

The Assaying and Hallmarking centres established by PGJDC at Karachi and Lahore played a pivotal role in inculcating the importance of Assaying and Hallmarking into the norms of Pakistani jewellery sector.

As the funding for operations of PGJDC projects got finished, the operations of these centers are at a halt and will resume once funding is approved from relevant quarters. PGJDC has submitted a new PC-1 for establishment of Quality Assurance and Certification Labs at Karachi, Lahore, Islamabad/Rawalpindi and Peshawar, which is under consideration at relevant quarters.

5. MARKETING/BRANDING

PGJDC's Marketing and Branding activities include facilitation for participation of local sector in international exhibitions by setting up Pakistan Pavilion during different trade shows around the world, organizing International Gems and Jewellery Exhibitions and Gem Exhibitions/Gem Bazaars in Pakistan, participation in third party local exhibitions, promotion through E-Commerce, Digital marketing, Media and PR campaigns etc.

As the funding for operations of PGJDC projects got finished, the Marketing and Branding activities of the Company are at a halt and will resume once funding is approved from relevant quarters. However, the Company has undertaken the following tasks in the year 2019 – 20:

E-marketing:

- E-Marketing is continuously being done through the corporate website, social media and other E-marketing tools including Emails, SMS etc.

Representation of PGJDC for SRO 760 Review:

- A committee has been constituted by the Government for the recommendations of SRO 760 with representation from PGJDC.

Meetings with Sector:

- Various meetings followed by visits with sector representatives and associations have taken place for the promotion of services offered by PGJDC Training and Assaying & Hallmarking centers and sector interaction.

Furthermore, PGJDC has submitted a new PC-1 for Promotion of Pakistani Gems and Jewellery through E-Commerce and undertaking brand activation campaign for this sector which is under consideration at relevant quarters.

B. KEY PERFORMANCE INDICATORS:

A detailed report is placed in the succeeding pages of the company's Annual Report.

C. FINANCIAL REVIEW

i) For the year ended on 30th June 2020, the Company incurred operating cost of Rs.29.01 Million (FY 2019: Rs.31.81 Million). Technical Supplementary Grant from Non-Development Budget of Rs.15 Million that was approved by ECC, could not be released to the Company due to closing of Financial year 2018-19.

ii) During the year 2019-20, the funds were insufficient to pay the liabilities of the projects. The Company submitted the case to PIDC & MOI&P and continuously pursuing the case for further funding arrangement which is still awaited.

OPERATIONAL AND FINANCIAL RESULTS

The summary of operational and financial results is as under:

	(Rupees in Million)	
	June-30, 2019	June-30, 2020
Income from short term investment/Saving Account	1.702	0.050
Grant related to income	-	40.00
Other Income	5.364	0.212
Direct Cost- Sector Development	(101.296)	(32.015)
Administrative & General Expenses	(31.812)	(29.010)
Financial Charges	(0.031)	(0.097)
Other Expenses	-	-
Excess of expenditure over income	(126.074)	(20.86)

The revenue generated from operations of the projects has decreased by 96%, as compared to last year from Rs.5.364 million to Rs.0.212 million mainly due to the reason that Training, Marketing and Promotional Activities could not be carried out.

The expenditure over income has decreased by Rs.105.3 Million (83.5%) as compared to the year 2018-19.

The gratuity accruals up to the period ending 30th June, 2020 has been recorded at an amount of Rs.17.407 million (June 2019 Rs.16.405 million) with charge for the year is Rs. 1.002 million.

CLARIFICATION ON MODIFICATION OF AUDIT REPORT

Auditors of the company have qualified their report on certain instances, the para wise comments are given as under;

a) In Para (a), as fully explained in note No. 3.7 to the financial statements, the Company operates an unfunded gratuity scheme. Accordingly, the Company has accounted for deferred liability under gratuity scheme based on 'completed period of service' using 'current salary level' which works out to Rs. 17,407,943 (2019: Rs. 16,405,686) as disclosed in note No. 13 to the financial statements. The aforesaid policy as stated in note No. 3.7 is not in accordance with the requirements of International Financial Reporting Standards (IFRSs) which require that amounts of gratuity should be recorded on 'projected unit credit method' to determine the present value of its staff gratuity obligations and the related current service cost and where applicable, past service cost. Had the Obligation been accounted for on the 'projected unit credit method' as required by the IFRSs, various elements in the accompanying financial statements would have been materially affected. As the management has not carried out actuarial valuation for determination to its staff gratuity obligation, financial affects thereof on various elements of these financial statements cannot be determined with reasonable accuracy. Accordingly, we are unable to obtain reasonable assurance as to whether any adjustment should be made in the amount of deferred liability under gratuity scheme.

On availability of Funds, the Gratuity amount shall be funded and invested and accordingly actuarial valuation shall be carried out regularly by the Company.

b) In Para (b), as fully stated in note No. 1.5 to the financial statements, in the year 2015, the Company has deposited an amount of Rs. 37,522,675 into the Government Treasury, representing revenue generated by the Company from operation of its projects since inception till June 30, 2014, in compliance of the condition given in the PC-1 document.

The management was of the view that projects of the Company were developed and operated by the funding of Government of Pakistan (GOP) through PSDP and not by the Company, therefore, the revenue generated from operations of the projects was deposited in GOP account as per condition of Umbrella PC-1 approved by the highest forum of Executive Committee of the National Economic Council (ECNEC).

c) In Para (c), as fully explained in note No. 4.2 to the financial statements, the Company carried out an external assignment of fixed assets verification during the year 2018. As per the report, there were certain observations which included shortage of items of property, plant and equipment. The aggregate written down value of those fixed assets is Rs.1,075,154(2019: Rs.1,228,201).

The report also included an observation that certain items of property, plant and equipment were obsolete and damaged. The aggregate amount of those fixed assets is Rs.1,002,328 (2019:Rs.1,155,263).

Based on these observations and as per the requirements of IAS 36, the management of the company did not charge the appropriate amount to the income and expenditure account during the year to account for shortage, obsolete and damaged assets.

The management is of the view that as per requirement of IAS 36, the appropriate amount will be charged subject to settlement of DAC directives and approval of Board.

KEY FINANCIAL DATA FOR LAST FIVE YEARS

The Key financial data for the last five years are tabulated in the succeeding pages of the Annual Report of the company.

D NPO STATUS OF THE COMPANY

NPO Certificate was granted by the Commissioner Inland Revenue, Zone-III, Regional Tax Office, Karachi in March, 2009. Extension was granted up to the year ended 30-06-2016. The application has been filed for extension which is under process in the tax department. The Tax Consultant is pursuing the matter.

E MEETINGS OF DIRECTORS

In the year under review, two meetings of the Board of Directors were held. The Attendance by the Chairman, Chief Executive Officer and each Director is annexed with this report.

F PATTERN OF SHAREHOLDING

Statement regarding Pattern of Shareholding on Form 34 is enclosed.

G APPOINTMENT OF AUDITOR

The present External Auditors M/s. Baker Tilly Mehmood Idrees Qamar, Chartered Accountants, retire, and being eligible, offered themselves for re-appointment as auditors of the Company. The Board of Directors recommends the reappointment of M/s. Baker Tilly to conduct statutory audit for the year 2020-21.

H STATEMENT OF COMPLIANCE

The status of compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 is in the succeeding pages. The company has applied the principles contained in the said rules, whereby the proper books of accounts have been maintained, appropriate accounting policies are applied, accounting estimates and judgment are reasonable and prudent, financial statements prepared fairly presents its state of affairs, the result of its operation, cash flow & changes in equity, internal control system are in place & are regularly monitored, appointment of Chairman/Chairperson & other directors are taking place in line with the rules and remuneration of Chief Executive Officer is approved by the Board.

I MATERIAL CHANGES AND COMMITMENTS.

No such major changes have taken place since the last AGM.

J FUTURE PROSPECTS & PLANS

1. PGJDC has submitted a new PC-1 to Ministry of Industries and Production (MoIP) titled "Establishment of Quality Assurance Labs of PGJDC and Promotion of Gems and Jewellery Sector through E-Commerce" which is under consideration. Through this PC-1, the Company intends to undertake the following activities:

    1. Establish Assaying and Hallmarking Labs at Karachi, Lahore, Peshawar and Islamabad/Rawalpindi with state-of-the-art Precious Metal Testing Equipment.
    2. Establish Gemstone Identification Labs at Karachi, Lahore, Peshawar and Islamabad/Rawalpindi with state-of-the-art Gemstone Testing Equipment.
    3. Develop E-Commerce Portal for online buying/selling of Gems and Jewellery Products.
    4. Organization International Gems and Jewellery Exhibitions and Gem Exhibitions within the Country each year.
    5. Participating in third party exhibitions.
    6. Undertaking digital marketing campaigns.
    7. Undertaking extensive media and PR campaigns, road shows, jewellery fashion shows etc.

2. PGJDC is in the process of collaborating with provincial governments for taking up the operational costs of its training centers across Pakistan for their continuity and safeguarding the machinery/equipment and jobs of employees.

3. PGJDC is conferring with EDF to provide its premises for housing the centers at Karachi, Lahore and Islamabad

4. The Company is exploring more avenues for collaboration possibilities with local and international donor agencies.

5. The Company is exploring more avenues for collaboration possibilities with other Countries such as Thailand and SriLanka.

* All above planned activities are subject to availability of funds.

K RENEWAL OF LICENCE OF THE COMPANY

The license of the Company under section 42 of Companies Ordinance 1984 has expired on 09th December 2020. The renewal of licenses of the Company for further five years is in process.

L. **ACKNOWLEDGEMENT**

We all the Directors are grateful to the Company's shareholders, Planning Commission & Finance Division, the Gems and Jewellery Sector stakeholders, Ministry of Industries & Production, PIDC, SMEDA, TDAP, Academia, Provincial Governments, Banks/financial institutions and other stakeholders for their continued cooperation, support and patronage. The Directors acknowledge the dedicated services, loyalty and hard work of all the employees of the Company and projects and hope this spirit of devotion and dedication will continue in future.

For and on behalf of the Board

(Shahid Iqbal)
Chief Executive Officer

Attendance at the Board Meetings held during the year 2019-2020

S.No.	Directors	No. of BOD Meetings Attended
1.	Joint Secretary (MED), Ministry of Industries& Production, Islamabad	2
2.	Secretary, Industries & Mineral Development Department, Khyber Pukhtunkwa.	--
3.	Secretary, Industries & Mineral Development Department, Baluchistan.	--
4.	The Secretary, Trade Development Authority of Pakistan (TDAP)	1
5.	Secretary, Industries & Mineral Development Department, Gilgit-Baltistan.	--
6.	Secretary, Industries & Mineral Development Department, AJK-Muzaffarabad.	--
7.	Chief Executive Officer PIDC	1
8.	CEO, SMEDA	2
9.	Chief Executive Officer (PGJDC)	2
10.	Mr. Izhar Ali Hunzai	2
11.	Mr. Shahid Iqbal Qureshi	2
12.	Ms. Nadia Ahmed Chhotani	2
13.	Malik Waliullah Khan Kasi	2
14.	Mr. Imran Nazir	2

The directors who could not attend Board Meeting(s) were granted leave of absence.

VISION, MISSION STATEMENT & CORE VALUES

Vision Statement:

The Company endeavors for the development of the Gems and Jewellery Industry of the Country from mine to market and to enhance its competitiveness internationally by Facilitation, Technology Up-gradation, Skill Development and Marketing/Branding.

Mission Statement:

To work together across regions and activities for establishing Pakistan as high value added, internationally competitive, world-class hub for precious stone cutting, jewellery manufacturing and designing by focusing on development of female gender and skill development.

Core Values

- Striving for continuous improvement and innovation with commitment and responsibility;
- Treating stakeholders with respect, courtesy and competence;
- Practicing highest personal and professional integrity;
- Maintaining teamwork, trust and support, with open and candid Communication;
- Ensuring cost consciousness in all decisions and operations.

STRATEGIC GOALS

- Raise value chain productivity
- Strengthen policies for increased competitiveness
- Invest in workforce development and innovation capacity
- Strengthen industry organization and supporting institutions
- Improve marketing and branding

CODE OF ETHICS AND BUSINESS PRACTICES

- Maintaining integrity and scrupulous dealings
- Maintaining correct books and records of the company
- Strictly observing the laws of the country
- Strictly avoiding questionable and improper payments, or use of the company's assets
- Strictly avoiding conflicts of interest
- Strictly avoiding political contributions
- Expediting due payments
- Strictly avoiding giving and receiving of gifts
- Treating means to be as important as ends

KEY OPERATING AND FINANCIAL DATA

The data for the five years is as under:

Balance Sheet

Rs. (Million)

ASSETS	2015-16	2016-17	2017-18	2018-19	2019-20
Property Plant & Equipment	165.502	152.927	148.827	132.130	116.805
Intangible Assets	8.665	7.876	2.638	1.947	833.135
Long term Security Deposit	5.181	5.181	5.348	5.278	4.698
TOTAL:	179.347	165.983	156.813	139.355	122.536
Cash, Bank & Investment	20.821	106.501	57.545	1.614	1.906
Adv. Prepayment & Other receivable	25.211	36.856	32.413	22.965	23.285
TOTAL CURRENT ASSETS	46.032	143.357	89.958	24.579	25.192
TOTAL ASSETS	**225.379**	**309.340**	**246.771**	**163.934**	**147.728**
Paid up Capital	1,297.924	1,415.561	1,466.691	1,479.921	1,479.921
Less: Accumulated Deficit	(1,288.604)	(1,431.321)	(1,536.438)	(1,662.512)	(1,683.285)
NET EQUITY	9.320	(15.761)	(69.747)	(182.591)	203.364
Adv. against Shares from PSDP Funds	117.737	223.511	213.515	213.515	213.515
Other Payables	98.322	101.590	103.004	133.010	137.578
TOTAL LIABILITIES & CAPITAL	**225.379**	**309.340**	**246.771**	**163.934**	**147.728**

Revenue (Income) and Expenditure Account

	2015-16	2016-17	2017-18	2018-19	2019-20
Income from investment/Saving Account	3.513	0.650	2.876	1.702	0.050
Grant related to income	-	40.00	50.00	-	40
Other Income	11.107	18.271	10.523	5.364	212.727
Total Income	**14.62**	**58.921**	**63.399**	**7.066**	**40.263**
Direct costs	(117.525)	(155.745)	(122.363)	(101.296)	(32.015)
Administrative Expenses	(41.423)	(45.840)	(43.627)	(31.812)	29.010
Financial Charges	(0.036)	(0.063)	(0.061)	(0.031)	0.009
Other Expenses	(0.171)	(0.092)	(2.464)	-	-
Total Expenses	**(159.155)**	**(201.74)**	**(168.515)**	**(133.139)**	**(61.036)**
Deficit for the year	(144.535)	(142.822)	(105.112)	(126.074)	(20.773)

PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY
A company set up under section 42 of the Companies Ordinance, 1984.
Ministry of Industries & Production
Government of Pakistan

Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

company: Pakistan Gems and Jewellery Development Company
the line ministry: Ministry of Industries and Production
year ended: 30th June, 2020

This statement presents the overview of the compliance with the Public Sector Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose a framework of good governance, whereby a public sector company is managed in with the best practices of public sector governance.

The company has complied with the provisions of the Rules in the following manner:

	Provision of the Rules	Rule no.	Y	N
	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓	
	The Board has at least one-third of its total members as independent directors. At present the Board includes:	3(2)	✓	

Category	Names	Date of Appointment
Independent Directors	Ms. Nadia Ahmed Chhotani	23-01-18
	Mr. Imran Nazir	23-01-18
	Malik Waliullah Khan Kasi	23-01-18
	Mr. Izhar Ali Hunzai	25-04-18
Executive Director	Mr. Shahid Iqbal Qureshi	25-10-19
Non-Executive Director	Mr. Niaz Muhammad Khan	29-07-19
	Mr. Rizwan Ahmed Bhatti	09-08-19
	Mr. Muhammad Saleh Ahmed	17-01-19
	Mr. Hashim Raza	15-01-20
	Mr. Khalida Rahman	23-11-18
	Mr. Zahid Saleem	24-10-18
	Raja Tariq Masood Khan	23-01-18
	Mr. Muhammad Asim Nawaz Tiwana	17-12-18

* Effective from 25-10-2019 Mr. Shahid Iqbal Qureshi was appointed as Chief Executive Officer on temporary basis. Due to his transfer from independent directors to CEO, the fraction of independent directors exists that will be duly resolved in near future.

Suite # 115 - 118, 1st Floor,
Progressive Plaza
Beaumont Road,

Tel: +92-21-35621395-7
+92-21-35631468-9
Fax: +92-21-35631398
Website: www.pgjdc.org

[illegible]	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed Companies simultaneously, except their subsidiaries.	3(5)	✓	
[illegible]	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	3(7)	✓	
[illegible]	The chairman of the Board is working separately from the chief executive of the Company.	4(1)	✓	
[illegible]	The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government	4(4)	✓	
[illegible]	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the chief executive has been nominated by the Government)	5(2)	N/A	
[illegible]	(a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (Address of website : www.pgjdc.org) (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓ ✓ ✓	
[illegible]	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓	
[illegible]	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)(ii)	✓	
[illegible]	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5)(b)(vi)	✓	

	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c) (ii)	✓	
	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c) (iii)	✓	
	The Board has developed a vision or mission statement and corporate strategy of the company.	5(6)	✓	
	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	✓	
	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	N/A	
	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✓	
	(a) The Board has met at least four times during the year. (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	 ✓ ✓	✓
	The Board has monitored and assessed the performance of senior management on annual/half-yearly/quarterly basis* and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose. * Strike out whichever is not applicable	8 (2)		✓
	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓	

	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end. (b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors. (c) The Board has placed the annual financial statements on the company's website.	10	 N/A ✓	✓
	All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11		✓
	(a) The Board has formed the requisite committees, as specified in the Rules. (b) The committees were provided with written term of reference defining their duties, authority and composition. (c) The minutes of the meetings of the committees were circulated to all the Board members. (d) The committees were chaired by the following non-executive directors:	12	✓ ✓ ✓	 ✓

Committee	Number of members	Name of Chair
Audit Committee	4	Mr. Shahid Iqbal Qureshi
Human Resources & Nomination Committee	4	Mr. Fuad Hashim Rabbani

	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13		✓
	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	✓	
	The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✓	

<table>
<tr><td>[illegible]</td><td>The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.</td><td>17</td><td>✓</td><td></td></tr>
<tr><td>[illegible]</td><td>Financial Statements have been prepared by the management and presents fairly its state of affairs, the results of its operations, cash flows and changes in equity (IAS-1??)</td><td>17(2)(b)</td><td></td><td>✓</td></tr>
<tr><td>[illegible]</td><td>Proper books of account of the company have been maintained.</td><td>17(2)(c)</td><td></td><td>✓</td></tr>
<tr><td>[illegible]</td><td>The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.</td><td>18</td><td>✓</td><td></td></tr>
<tr><td>[illegible]</td><td>(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration.
(b) The annual report of the company contains criteria and details of remuneration of each director.</td><td>19</td><td>✓
✓</td><td></td></tr>
<tr><td>[illegible]</td><td>The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.</td><td>20</td><td>✓</td><td></td></tr>
<tr><td>[illegible]</td><td>The Board has formed an audit committee, with defined and written terms of reference, and having the following members:
<table><tr><th>Name of member</th><th>Category</th></tr><tr><td>Mr. Shahid Iqbal Qureshi</td><td>Executive</td></tr><tr><td>Malik Waliullah Khan Kasi</td><td>Independent</td></tr><tr><td>Mr. Khaista Rahman</td><td>Non Executive</td></tr><tr><td>Mr. Hashim Raza</td><td>Non Executive</td></tr></table>
The chief executive and chairman of the Board are not members of the audit committee.</td><td>21 (1) and 21(2)</td><td>

✓</td><td>✓</td></tr>
<tr><td>[illegible]</td><td>(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.
(b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.</td><td>21(3)</td><td></td><td>✓
✓</td></tr>
</table>

	(c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.			✓
[illegible]	(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.	22	✓	
	(b) The chief internal auditor has requisite qualification and experience prescribed in the Rules.			✓
	(c) The internal audit reports have been provided to the external auditors for their review.			✓
[illegible]	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓	
[illegible]	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓	

Officer

(IZHAR ALI HUNZAI)
Chairman of the Board/
Independent Director

PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY

A company set up under section 42 of the Companies Ordinance, 1984.
Ministry of Industries & Production
Government of Pakistan.

Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 Year ending 30th June, 2020

[illegible] that all other material requirements envisaged in the Rules have been complied with [except for [illegible] toward which reasonable progress is being made by the company to seek compliance by the end [illegible] accounting year]

S. No.	Rule/sub-Rule no.	Reasons for non-compliance	Future course of action
[illegible]	8(2)	The Board has met at least four times during the year.	The Board could not meet at atleast four times during the year due to relinquishment of charge of CEO PGJDC and evolving COVID-19.
[illegible]	8(3)	The Board has to develop a procedure to monitor and assess the performance of senior management on annual basis.	Compliance shall be ensured in future.
[illegible]	10	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.	First and second quarterly accounts approved by the Board on 22-7-20 whereas approval of third quarterly accounts will be approved in next Board meeting.
[illegible]	11	The Board members did not undergo orientation course arranged by the company.	Orientation course will be arranged in future subject to available of funds and approval.
[illegible]	12(4)	Mr. Shahid Iqbal was given an additional charge of CEO on temporary basis till appointment of permanent CEO who was a member of Audit Committee earlier. However another person has taken over the charge of CEO therefore the matter has been sought now.	Dr. Muhammad Shoaib Akbar has been appointed as Chief Executive Officer PGJDC w.e.f. 16th December 2020.
[illegible]	18	There is no Chief Internal Auditor and there is an internal arrangement under which Assistant Manager Internal Audit is performing duties of Chief Internal Auditor	Job advertisement for the position of Chief Internal Auditor (CIA) is in progress and will be filled asap.
[illegible]	[illegible]	Financial Statements have been prepared by the management and presents fairly its state of affairs, the results of its operations, cash flows and changes in equity (IAS-19)	(IAS- 19) related to post retirement benefit. We have only un- funded Gratuity as retirement benefit for our employee of Head Office. The proposal for funded gratuity will be forwarded to BOD for approval and subject to available of funds.

[illegible]	[illegible]	In the year 2014, a fire was broke out resulting loss of accounting records. However, the company have accounting records in accounting software.	All audited accounts of the company are safe since inception and all accounting data is also available in soft form except hard copies of vouchers upto 2013.
[illegible]	[illegible] and [illegible]	There was a temporary arrangement where an independent director was given temporary charge till appointment of permanent CEO who was a member of Audit Committee earlier. However another person has taken over the charge of CEO therefore the matter has been sought now.	Dr. Muhammad Shoaib Akbar has been appointed as Chief Executive Officer PGJDC w.e.f. 16th December 2020.
[illegible]	[illegible]	There was no Chief Internal Auditor during the year therefore there was no meeting of Audit Committee in the presence of Chief Internal Auditor without the presence of Chief Financial Officer and external Auditors.	All the Audit Committee meetings were attended by acting CFO and the Internal Auditor of the Company. The positions for CFO & CIA of the Company will be filled in near future.
[illegible]	[illegible]	There was no Chief Internal Auditor during the year. Internal audit reports were not prepared for the year ended June 30, 2020.	Chief Internal Auditor will be appointed very soon. Audit plan will be prepared after appointment of Internal Auditor.

[illegible] Officer

(IZHAR ALI HUNZAI)
Chairman of the Board/
Independent Director

Pakistan Gems and Jewellery Development Company

Financial Statements

For The Year Ended June 30, 2020

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Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
4th Floor, Central Hotel Building,
Civil Lines, Mereweather Road
Karachi - Pakistan

T: +92 (021) 35644872-7
F: +92 (021) 35644873

info@bakertilly.pk
www.bakertilly.pk

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the annexed financial statements of **PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY** (the Company), which comprise the statement of financial position as at **June 30, 2020** and the income and expenditure account, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in paragraphs (a) to (c) below, the statement of financial position, the income and expenditure account, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan including Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017 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, 2020 and of the deficit, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

(a) As fully explained in note No. 3.7 to the financial statements, the Company operates an unfunded gratuity scheme. Accordingly, the Company has accounted for deferred liability under gratuity scheme based on 'completed period of service' using 'current salary level' which works out to Rs. 17,407,343 (2019: Rs. 16,405,686) as disclosed in note No. 11 to the financial statements. The aforesaid policy as stated in note No. 3.7 is not in accordance with the requirements of International Financial Reporting Standards (IFRSs) which require that amounts of gratuity should be recorded on 'projected unit credit method' to determine the present value of its staff gratuity obligations and the related current service cost and where applicable, past service cost. Had the Obligation been accounted for on the 'projected unit credit method' as required by the IFRSs, various elements in the accompanying financial statements would have been materially affected. As the management has not carried out actuarial valuation for determination to its staff gratuity obligation, financial affects thereof on various elements of these financial statements cannot be determined with reasonable accuracy. Accordingly, we are unable to obtain reasonable assurance as to whether any adjustment should be made in the amount of deferred liability under gratuity scheme;

As fully stated in note No. 1.5 to the financial statements, in the year 2015, the Company has deposited an amount of Rs. 37,522,675 into the Government Treasury, representing revenue generated by the Company from operation of its projects since inception till June 30, 2014, in compliance of the condition given in the PC-1 document. The management was of the view that projects of the Company were developed and operated by the funding of Government of Pakistan (GOP) through PSDP and not by the Company, therefore, the revenue generated from operations of the projects was deposited in GOP account as per condition of Umbrella PC-1 approved by the highest forum of Executive Committee of the National Economic Council (ECNEC). Further, the management has routed the abovementioned payment through 'Statement of Changes in Equity' which was not in accordance with the requirements of Approved Accounting Standards.

In our opinion, this ultra vires the provisions of the Company's Memorandum and Articles of Association and Section 42 of the Companies Act, 2017 (previously repealed Ordinance, 1984) which inter alia restricts the application of Company's income in promoting its objects and prohibits the payment of any dividend to its members. Had the Company not paid this amount to the Government Treasury in year 2015, cash and bank balances would have increased and accumulated deficit would have decreased by an equal amount of Rs. 37,522,675 (2019: 37,522,675); and

As fully explained in note No. 4.2 to the financial statements, the Company carried out an external assignment of fixed assets verification during the year 2018. As per the report, there were certain observations which included shortage of items of property, plant and equipment. The aggregate written down value of those fixed assets is Rs. 1,075,154 (2019: Rs. 1,228,201).

The report also included an observation that certain items of property, plant and equipment were obsolete and damaged. The aggregate amount of those fixed assets is Rs. 1,002,328 (2019: Rs. 1,225,263).

Based on these observations and as per the requirements of IAS 36, the management of the Company did not charge the appropriate amount to the income and expenditure account during the year to account for shortage, obsolete and damaged assets.

Hence, we are unable to quantify its impact on the income and expenditure account for the year ended June 30, 2020 and ascertain the actual written down value of fixed assets to be reflected in the financial statements as at June 30, 2020.

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.

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Material Uncertainty relating to Going Concern

We draw attention to Note 1.3 to the accompanying financial statements which states that the Company has incurred a deficit of Rs. 20,773,118 (2019: Rs. 126,073,823) which has resulted in an accumulated deficit of Rs. 1,683,285,140 (2019: Rs. 1,662,512,022). This indicates that material uncertainty exists that may cast significant doubt on the Company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to the following matters:

(i) As described in note no. 14.1 to the accompanying financial statements, the Company had received loan from Pakistan Industrial Development Corporation (PIDC), a major shareholder, to meet working capital requirements with the condition that the Company will not declare or pay any cash dividends or authorize or make any other distribution on any class of equity securities of the Company.

(ii) As described in note no. 1.4 to the accompanying financial statements, in the year 2018, Ministry of Industries and Production, Government of Pakistan (MOIP) through letter no. 2(47)/2017-ME-II Dated December 21, 2017 directed the Company to hold a meeting with concerned secretaries of Provincial Government to discuss the possibility of transferring training centers of the company to respective provincial governments. In pursuance of this decision, No Objection Certificate (NOC) received from Pakistan Industrial and Development Corporation (PIDC) dated: September 30, 2019 and from MOIP dated October 24, 2019. In this regard, a meeting of the Board of Directors of the Company was held on October 25, 2019 in which the Board resolved that the provincial training centers will be transferred to respective Provincial Governments subject to fulfilment of all legal and regulatory requirements. However, the Board did not extend the employment contracts of projects employees beyond 30th June 2019.

Consequently, the GJTMC Peshawar has been transferred/handed over to Technical Education and Vocational Training Authority Khyber Pakhtunkhwa (KP TEVTA) while the transfer of the rest of regional centers are under process.

Our opinion is not qualified in respect of the matters stated above.

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

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report, but does not include the financial statements of the company 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, on other information obtained prior to the date of this auditor's report, 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 including Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017 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 in adequate, 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, as explained in note No. 24 to the financial statements, due to a fire at the Company's premises on September 1, 2014, certain records, documents and books of accounts of the Company related to prior years were destroyed. However, records in electronic form remained intact.

In our opinion:

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

b) except for the matters from (a) to (c) in the *Basis of Qualified Opinion* section of our report, the statement of financial position, income and expenditure account, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017), Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017 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).

PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	116,805,079	132,130,385
Intangible assets	5	833,135	1,946,741
Long term security deposits	6	4,898,120	5,278,120
		122,536,334	139,355,246
Current Assets			
Inventory	7	1,401,572	1,443,180
Prepayments	8	802,852	244,766
Other receivables		3,636,084	743,262
Sales tax refundable	9	7,231,600	10,315,854
Advance income tax		10,213,439	10,213,561
Cash and bank balances	10	1,906,545	1,613,971
		25,192,092	24,578,614
TOTAL ASSETS		147,728,426	163,933,860
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
155,000,000 Ordinary shares of Rs. 10/- each	11	1,550,000,000	1,550,000,000
Issued, Subscribed and Paid-up Share Capital			
147,992,070 (2019: 147,992,070) Ordinary shares of Rs. 10 each	11	1,479,920,700	1,479,920,700
Accumulated deficit		(1,683,285,140)	(1,662,512,022)
		(203,364,440)	(182,591,322)
Advance against future issue of shares	12	213,514,776	213,514,776
LIABILITIES			
Non-Current Liability			
Deferred liability	13	17,407,943	14,405,686
Current Liabilities			
Payable to PIDC	14	78,317,000	78,317,000
Accrued and other liabilities	15	41,853,147	40,287,720
		120,170,147	118,604,720
Contingencies and commitments	16		
TOTAL EQUITY AND LIABILITIES		147,728,426	163,933,860

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

Chief Executive Officer

Director

PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
INCOME			
Training fees		-	3,430,218
Profit on saving accounts		50,413	1,702,101
Grant released to income		40,000,000	-
Other income - net	17	212,727	1,933,396
		40,263,140	7,065,715
EXPENDITURE			
Direct cost	18	(32,015,996)	(101,296,421)
Administrative expenses	19	(29,010,467)	(31,812,420)
Bank charges		(9,795)	(30,697)
		(61,036,258)	(133,139,538)
Excess of expenditure over income		**(20,773,118)**	**(126,073,823)**

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

Chief Executive Officer

Director

PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Issued, Subscribed and Paid-up Share Capital	Accumulated deficit	Total
	Rupees		
Balance as at July 01, 2018	1,466,690,700	(1,536,438,199)	(69,747,499)
Issue of share capital	13,230,000	-	13,230,000
Loss for the year	-	(126,073,823)	(126,073,823)
Balance as at June 30, 2019	1,479,920,700	(1,662,512,022)	(182,591,322)
Issue of share capital	-	-	-
Loss for the year	-	(20,773,118)	(20,773,118)
Balance as at June 30, 2020	1,479,920,700	(1,683,285,140)	(203,364,440)

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

Chief Executive Officer

Director

[illegible] GEMS AND JEWELLERY DEVELOPMENT COMPANY
[illegible] STATEMENT
[illegible] YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
[illegible] FROM OPERATING ACTIVITIES			
[illegible] for the year		(20,773,118)	(128,073,823)
[illegible] for:			
[illegible]		15,130,031	16,853,764
[illegible]		1,113,606	891,097
[illegible] saving accounts		(50,413)	(1,702,101)
[illegible] disposal of property, plant and equipment		(104,727)	-
[illegible] to income		(40,000,000)	-
[illegible] for gratuity		1,002,257	1,209,635
[illegible] operating activities before working capital changes		(43,682,362)	(109,021,408)
[illegible] / decrease in current assets			
[illegible] prepayments and other receivables		(3,409,260)	1,583,643
[illegible] tax refundable		3,088,459	8,752,208
[illegible] in current liabilities			
[illegible] and other liabilities		3,565,427	28,796,514
[illegible]		(122)	(387,581)
[illegible] (used in) operating activities		(40,437,839)	(70,776,625)
[illegible] FROM INVESTING ACTIVITIES			
[illegible] in Property, plant and equipment		-	(157,068)
[illegible] from disposal of Property, plant and equipment		300,000	-
[illegible] security deposits		380,000	70,200
[illegible] on saving accounts		50,413	1,702,101
[illegible] inflow from investing activities		730,413	1,615,233
[illegible] FROM FINANCING ACTIVITIES			
[illegible]		40,000,000	-
[illegible] from issue of share capital		-	13,230,000
[illegible] inflow from investing activities		40,000,000	13,230,000
[illegible] / (decrease) in cash and cash equivalents		292,574	(55,931,392)
[illegible] equivalents at the beginning of the year		1,613,971	57,545,363
[illegible] equivalents at the end of the year	10	1,906,545	1,613,971

[illegible] notes form an integral part of these financial statements.

Chief Executive Officer

Director

1. THE COMPANY AND ITS OPERATIONS

1.1 Pakistan Gems and Jewellery Development Company ("the Company") was incorporated in 2006 as a Company limited by guarantee having share Capital under section 42 of the Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at Suite No. 115-118, 1st Floor, Progressive Plaza, Beaumont Road, Karachi, Pakistan. The primary objective of the Company is to develop the gems and jewellery industry and to enhance its competiveness internationally by facilitation, technology upgradation, skill development, marketing and branding.

1.2 As of the date of statement of financial position, Pakistan Industrial Development Corporation (PIDC) and Ministry of Industries and Production, Government of Pakistan held 16.11% and 83.89% shares of the Company respectively.

1.3 During the year, the Company has incurred a deficit of Rs. 20,773,118 (2019: Rs. 126,073,823) which resulted in an accumulated deficit of Rs. 1,683,285,140 (2019: Rs. 1,662,512,022) as of the date of financial position. However, as the Company is formed as a non- profit organization, the management believes that the adverse financial position will not affect the primary objectives of the Company as the Company expects continued financial support from the Government of Pakistan. Accordingly, the Company will continue its operations in foreseeable future.

1.4 In year 2018, Ministry of Industries and Production, Government of Pakistan (MOIP) through letter no. 2(47)/2017-ME-II Dated December 21, 2017 directed the Company to hold a meeting with concerned secretaries of Provincial Government to discuss the possibility of transferring training centers of the company to respective provincial governments. In pursuance of this decision, No Objection Certificate (NOC) received from Pakistan Industrial and Development Corporation (PIDC) dated: September 30, 2019 and from MOIP dated October 24, 2019. In this regard, a meeting of the Board of Directors of the Company was held on October 25, 2019 in which the Board resolved that the provincial training centers will be transferred to respective Provincial Governments subject to fulfillment of all legal and regulatory requirements. However, the Board did not extend the employment contracts of projects employees beyond 30th June 2019.

Consequently, the GJTMC Peshawar has been transferred/handed over to Technical Education and Vocational Training Authority Khyber Pakhtunkhwa (KP TEVTA) while the transfer of the rest of regional centers are under process.

1.5 In the year 2015, the Company has deposited an amount of Rs. 37,522,675 in the Government Treasury in respect of the revenue generated by the Company from Operation of its projects since its inception upto 30 June 2014. This was decided in the meeting with Ministry of Industries and production that, as mentioned in umbrella PC-I, the revenue generated by the Company will be deposited in Government Account.

1.6 **Disclosure of impact of COVID-19 pandemic on financial statements of the Company**

The COVID – 19 pandemic has taken a toll on all economies around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators/ governments across the globe have introduced a host of measures on both the fiscal and economic fronts. The SBP has also responded to the crisis by cutting the policy rate by 625 basis points since beginning of the year.

On March 21, 2020, the Government of the Sindh (GoS) announced a temporary lock down as a measure to reduce the spread of the COVID-19. After such lockdown period and implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business.

According to management's assessment, as of the release date of these financial statements, there has been no specifically material quantifiable impact of Covid-19 on the Company's financial position or results of operations. Consequently, there is no major financial impact of COVID-19 on the carrying amount of assets and liabilities and item of income and expenses.

[illegible] BASIS OF PREPARATION

[illegible] Statement of compliance

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

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

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

- 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 Standards or Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

[illegible] New and amended standards and interpretations

Standards, amendments to approved accounting standards effective in current year

New and amended standards and interpretations mandatory for the first time for the financial year beginning July 1, 2019:

IFRS 16, 'Leases': this standard has been notified by the Securities and Exchange Commission of Pakistan (SECP) to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the previous guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

However, there is no material impact on the financial statements of Company of adopting IFRS 16 - Leases.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2019 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2019 and have not been early adopted by the Company:

IAS 1 & 8 Definition of material	Effective date: January 1, 2020
IAS 1 Presentation of Financial Statements	Effective date: January 1, 2022

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

2.3 Basis of measurement

These financial statements have been prepared under the "historical cost convention".

2.4 Method of preparation of cash flow statement

The cash flow statement is prepared using indirect method.

2.5 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.6 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the above requirements 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 historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant assumptions or judgments used in the preparation of these financial statements are in respect of areas / policies disclosed in note 3 below.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment, if any.

Depreciation is charged to income applying the reducing balance method whereby the cost of an asset is written-off over its estimated useful life. Depreciation on additions and deletions is charged in proportion to the period, rounded to the number of months of use during the year. The residual values, useful life and depreciation methods are reviewed and adjusted, if appropriate, at each financial year end.

Maintenance and normal repairs are charged to income and expenditure account as and when incurred. Major renewals and improvements which increases the assets' remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the income and expenditure account when incurred.

3.2 Intangible assets

These are stated at cost less accumulated amortization and impairment loss, if any.

Amortization is charged to income and expenditure account using reducing balance method so as to write-off the cost of an asset over its estimated useful life. Amortization on additions is charged from the month in which an asset comes into operation while no amortization is charged in the month of disposal.

3.3 Impairment of assets

The carrying value of an assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

3.4 Financial Assets

All the financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments.

Initial Measurement

The company classifies its financial assets in to following three categories:

- measured at amortized cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent Measurement

i. **Equity Instruments as FVOCI**
These assets are subsequently measured at fair value. Dividends are recognised as income in the 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 recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

ii. **Financial assets at FVTPL**
These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

iii. **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 / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

De-recognition

Financial assets are derecognized when the 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.

Impairment of Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach to recognise lifetime expected credit losses for trade and other receivables.

Off-setting of financial assets and financial liabilities

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.5 Financial Liabilities

Financial liabilities are classified as measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

3.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprises of cash in hand, bank balances and short-term highly liquid investments, stated at cost, with original maturities of three months or less.

3.7 Gratuity scheme

The Company operates an un-funded gratuity scheme covering all of its employees of head office who have completed their qualifying period of service. Liability is recorded based on the completed period of services using current salary levels. Provision is made annually, to cover obligations under the scheme, by way of a charge to the income and expenditure account.

3.8 Taxation

In accordance with letter No. CIR/Legal/R.T.O./KTC/2009-10/1110 dated October 15, 2010 of the Commissioner Inland Revenue, the Company is sector development Company and not a trading or manufacturing business entity. The funds issued from the Government are utilized for establishment of development projects and marketing and branding of the country trade of Gems & Jewellery. Accordingly, no provision is required for current or deferred tax in these financial statements.

3.9 Provision

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

5.20 **Related parties transactions**

All transactions involving related parties arising in the normal course of business and are conducted on an arm's length basis. Prices for these transactions are determined on the basis of admissible valuation method.

5.21 **Receivables**

Receivables are recognized at fair value of consideration receivable. The Company applies the simplified approach to recognise lifetime expected credit losses for receivables.

5.22 **Payables**

Payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

5.23 **Revenue recognition**

Return on investments and bank deposits are recognized on accrual basis.

Training fee, income from exhibitions and other income are recognized as and when performance obligations are satisfied by transferring promised services.

5.24 **Government grant**

Government grant is recognized in income and expenditure account on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

5.25 **Contingent Liabilities**

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

5.26 **Foreign currency transactions and translation**

Transactions in foreign currencies are translated into Pakistani Rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in the foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income and expenditure account.

4. PROPERTY, PLANT AND EQUIPMENT

	Machinery	Lease hold improvement	Vehicle	Furniture and fixtures	Office equipment	Computers	Books	Total
	Rupees							
At June 30, 2018								
Cost	273,130,450	43,501,675	10,756,788	14,149,279	23,685,545	10,960,665	1,998,043	377,132,445
Accumulated depreciation	(164,025,445)	(22,759,352)	(9,173,335)	(7,785,310)	(14,[illegible])	(9,379,448)	(1,619,920)	(228,315,344)
Net book value	**109,104,005**	**20,742,323**	**1,583,453**	**6,363,969**	**8,671,011**	**1,581,217**	**379,121**	**148,817,101**
Year ended June 30, 2019								
Opening net book value	109,104,005	20,742,323	1,583,453	6,363,969	8,671,011	1,581,217	379,121	148,817,101
Additions	-	-	-	-	157,068	-	-	157,068
Disposals								
Cost	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Depreciation charge	(13,154,928)	(1,981,548)	(289,213)	(608,239)	(1,231,082)	(119,119)	(69,053)	(16,853,784)
Closing net book value	**96,949,077**	**18,760,775**	**1,294,240**	**5,757,730**	**7,597,357**	**1,462,098**	**309,068**	**132,120,385**
At June 30, 2019								
Cost	273,130,450	43,501,675	10,756,788	14,149,279	23,842,613	10,960,665	1,998,043	377,289,523
Accumulated depreciation	(176,181,373)	(24,740,900)	(9,462,548)	(8,391,549)	(16,245,256)	(9,498,567)	(1,688,975)	(245,209,128)
Net book value	**96,949,077**	**18,760,775**	**1,294,240**	**5,757,730**	**7,597,357**	**1,462,098**	**309,068**	**132,120,385**
Year ended June 30, 2020								
Opening net book value	96,949,077	18,760,775	1,294,240	5,757,730	7,597,357	1,462,098	309,068	132,130,385
Additions	-	-	-	-		-	-	-
Disposals								
Cost	(894,652)	-	-	-	-	-	-	(894,652)
Accumulated depreciation	699,379	-	-	-	-	-	-	699,379
	(195,273)	-	-	-	-	-	-	(195,273)
Depreciation charge	(11,039,743)	(1,794,344)	(236,390)	(550,043)	(1,069,939)	(383,086)	(56,448)	(15,129,033)
Closing net book value	**85,714,061**	**16,966,431**	**1,057,850**	**5,207,687**	**6,527,418**	**1,079,012**	**252,620**	**116,805,079**
At June 30, 2020								
Cost	272,235,798	43,501,675	10,756,788	14,149,279	23,842,613	10,960,665	1,998,043	376,444,861
Accumulated depreciation	(186,521,737)	(26,535,244)	(9,698,938)	(8,941,592)	(17,315,195)	(9,881,653)	(1,745,423)	(259,639,782)
Net book value	**85,714,061**	**16,966,431**	**1,057,850**	**5,207,687**	**6,527,418**	**1,079,012**	**252,620**	**116,805,079**
Depreciation rate %	10-30	10	20	10	15	30	20	

4.1 The depreciation charge for the year has been allocated as follows:

	Note	2020 Rupees	2019 Rupees
Direct cost	28	14,741,479	15,396,953
Administrative expenses	29	388,554	456,830
		15,130,033	15,853,783

4.2 During the year 2015, the company carried out an external assignment of fixed assets verification. The report of such assignment contains observations on shortage of items of property, plant and equipment as well as presence of obsolete / damaged assets. The aggregate Written Down Value and class of those items of property, plant and equipment are as follows:

	Furniture and Fixtures	Office Equipment	Vehicles	Computers	Machinery	Grand Total
	Rupees					
Shortage of assets	626,162	179,153	73,147	61,191	135,501	1,075,154
Obsolete / damaged assets	258,714	628,764	-	40,419	74,431	1,002,328
Total Written Down Value	884,876	807,917	73,147	101,610	209,932	2,077,482

INTANGIBLE ASSETS

	Computer Software	Training of master trainers	Total
	---------- Rupees ----------		
At June 30, 2018			
Cost	14,805,555	1,546,486	16,352,041
Accumulated amortization	(13,275,878)	(438,325)	(13,714,203)
Net book value	1,529,677	1,108,161	2,637,838
Year ended June 30, 2019			
Opening net book value	1,529,677	1,108,161	2,637,838
Additions	-	-	-
Disposal	-	-	-
Amortization charge	(400,757)	(290,340)	(691,097)
Closing net book value	1,128,920	817,821	1,946,741
At June 30, 2019			
Cost	14,805,555	1,546,486	16,352,041
Accumulated amortization	(13,676,635)	(728,665)	(14,405,300)
Net book value	1,128,920	817,821	1,946,741
Year ended June 30, 2020			
Opening net book value	1,128,920	817,821	1,946,741
Additions	-	-	-
Disposal			
Cost	-	(1,546,486)	(1,546,486)
Accumulated amortization	-	1,546,486	1,546,486
	-	-	-
Amortization charge	(295,785)	(817,821)	(1,113,606)
Closing net book value	833,135	-	833,135
At June 30, 2020			
Cost	14,805,555	-	14,805,555
Accumulated amortization	(13,972,420)	-	(13,972,420)
Net book value	833,135	-	833,135
Rate of amortization (%)	33	20	

The amortization charge for the year has been allocated as follows:

	Note	2020 Rupees	2019 Rupees
Direct cost	28	1,084,921	652,237
Administrative expenses	29	28,685	38,860
		1,113,606	691,097

LONG TERM SECURITY DEPOSITS

	2020	2019
Security deposit against rent	4,412,250	4,782,250
Deposit against bank guarantee	279,000	279,000
Others	207,870	217,870
	4,899,120	5,279,120

ADVANCES

	2020 Rupees	2019 Rupees
Unsecured considered good:		
- to employees	-	57,138
- to others	1,401,572	1,386,042
	1,401,572	1,443,180

PREPAYMENTS

	2020 Rupees	2019 Rupees
Insurance	812,852	244,786
	812,852	244,786

INCOME TAX REFUNDABLE

During the year 2017, the Assistant Commissioner of Inland Revenue (ACIR) has passed an order u /s 122(5) of the Income Tax Ordinance, 2001, creating tax demand of Rs. 36,357,680/- and has recovered an amount of Rs. 18,572,062 from company's bank accounts. The Company has filed an appeal before the Commissioner Inland Revenue (CIR) who vacated the aforesaid order of ACIR. The Company has filed application for allowing appeal effect which was duly granted by creating income tax refund to the extent of income tax demand recovered through attachment of the Company's bank accounts.The Company e-filed refund application dated 24-04-2018 for refund under section 170(1) of the Income Tax Ordinance, 2001 amounting to Rs. 18,572,062. After examination and perusal of record, the tax department has issued partial refund of Rs. 11,340,461 during the year in three installments whereas the balance amount of Rs. 7,231,000 is under consideration.

CASH AND BANK BALANCES

	Note	2020 Rupees	2019 Rupees
Cash in hand		170,820	465,998
Cash at banks:			
Current accounts		37,664	741,376
Saving accounts	18.1	1,298,061	406,597
		1,506,545	1,613,971

18.1 These carry profit ranging from 4.5% to 7% (2019: 4.5% to 11.25%) per annum.

SHARE CAPITAL AND RESERVES

Authorized Share Capital

Number of Shares 2020	Number of Shares 2019			2020	2019
153,000,000	155,000,000	Ordinary share of Rs. 10/- each		1,530,000,000	1,550,000,000

Issued, Subscribed And Paid-Up Share Capital

Number of Shares 2020	Number of Shares 2019	Note	2020	2019
147,992,070	147,992,070	21.1	1,479,920,700	1,466,690,700

21.1 Ordinary share of Rs. 10/- each fully paid in cash.

RM

	Note	2020 Rupees	2019 Rupees
12. ADVANCE AGAINST FUTURE ISSUE OF SHARES	12.1	223,514,776	223,514,776

12.1 Represents amount received from Government of Pakistan for future issue of shares.

	2020 Rupees	2019 Rupees
Movement during the year is as under:		
Balance at the beginning of the year	223,514,776	223,514,776
Amount received	-	13,230,000
Issue of share capital	-	(13,230,000)
	223,514,776	223,514,776

	Note	2020 Rupees	2019 Rupees
13. DEFERRED LIABILITY			
Staff gratuity	13.1	17,407,943	16,405,686
		17,407,943	16,405,686

13.1 **Movement during the year is as under:**

	2020 Rupees	2019 Rupees
Balance at the beginning of the year	16,405,686	15,176,051
Charge for the year	1,002,257	1,229,635
	17,407,943	16,405,686
Paid / adjusted during the year	-	-
Balance at the year end	17,407,943	16,405,686

	Note	2020 Rupees	2019 Rupees
14. PAYABLE TO PIDC	14.1	78,317,000	78,317,000

14.1 This represents amount received from Pakistan Industrial Development Corporation (PIDC), a major shareholder, to meet working capital requirements. The said loan is interest free and payable in the normal course of business. The loan was made to the Company on the condition that the Company will not declare or pay any cash dividends or authorize or make any other distribution on any class of equity securities of the Company.

15. ACCRUED AND OTHER LIABILITIES	Note	2020 Rupees	2019 Rupees
Salaries payable		7,544,718	13,208,211
Accrued expenses	15.1	32,301,248	20,420,181
Retention, earnest money and security deposit		982,277	982,277
Payable against participants fee		435,000	435,000
Auditors' remuneration		150,000	150,000
Others		439,904	2,832,811
		41,853,147	38,207,720

15.1 This includes an amount of Rs. 4,248,837 (2019: Rs. 5,704,008) payable to Pakistan Industrial Development Corporation on account of rent.

		2020 Rupees	2019 Rupees
16 CONTINGENCIES AND COMMITMENTS			
Letter of guarantee issued by bank on behalf of the Company		278,000	278,000

Contingencies

16.1 An ex-employee Syed Muhammad Zafar-ul-Imam has filed a Constitutional Petition against the Company in the High Court of Sindh for claim of salary and medical expenses. The matter is currently at the hearing stage.

16.2 During the year, Ex-Projects' employees of the Company, Mr. Khurram Riaz etc. filed petition before the Islamabad High Court on non-disbursement of salaries for the period from May 2019 to December 2019. The matter is currently at the hearing stage.

	Note	2020 Rupees	2019 Rupees
17 OTHER INCOME - NET			
Income from sampling		-	12,790
Lab testing fee		-	299,200
Hallmarking testing fee		-	1,268,290
Certificate fee		-	2,500
Others		212,727	350,616
		212,727	1,933,396

	Note	2020 Rupees	2019 Rupees
18 DIRECT COST			
Salaries and benefits		-	44,963,058
Rent		11,981,048	23,817,138
Depreciation	4.1	14,743,479	16,396,953
Amortization	5.1	1,084,821	652,237
Repair and maintenance		28,594	690,986
Travelling and conveyance		2,130	143,039
Utilities		253,470	2,812,668
Communication charges		6,373	597,944
Insurance expense		-	1,388,483
Security charges		3,481,680	4,472,520
Legal and professional charges		35,000	58,065
Consumables		2,080	37,373
Advertisement		-	57,579
Vehicle running expenses		11,640	348,743
Generator fuel		14,504	112,703
Exhibition expenses		-	109,000
Training expenses		-	2,402,483
Entertainment expenses		26,920	331,000
Printing and stationary		18,352	262,154
Janitorial expenses		133,070	1,541,978
Periodicals		-	7,768
Others		192,675	69,425
		32,015,996	101,296,421

19 ADMINISTRATIVE EXPENSES

	Note	2020 Rupees	2019 Rupees
Salaries and benefits	19.1	18,026,143	19,256,533
Rent		6,722,450	6,213,300
Depreciation	4.1	386,554	456,830
Amortization	5.1	28,686	38,850
Repair and maintenance		486,540	506,535
Travelling and conveyance		1,071,161	1,518,817
Utilities		353,240	548,417
Communication charges		254,515	518,502
Insurance expense		1,010,330	991,562
Security charges		368,315	343,374
Legal and professional charges		719,426	324,380
Auditors' remuneration	19.2	150,000	150,000
Advertisement		288,214	25,685
Generator fuel		8,000	4,000
Vehicle running expenses		257,310	457,285
Entertainment		175,155	258,539
Printing and stationary		178,145	203,570
Janitorial		267,093	386,120
Others		780	257,767
		29,810,467	31,812,420

19.1 This includes expense recognized in respect of defined benefit plan of Rs. 1,002,257 (2019: Rs. 1,209,635).

19.2 Auditors' remuneration

	2020 Rupees	2019 Rupees
Audit services		
Annual audit fee	125,000	125,000
Out of pocket expenses	13,890	13,890
Sindh sales tax	11,110	11,110
	150,000	150,000

20 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executives	
	2020	2019	2020	2019
Managerial remuneration	-	144,000	4,557,296	10,045,757
Medical expenses	-	-	218,079	357,318
Vehicle running expenses	-	102,553	-	-
	-	246,553	4,775,375	10,403,075
Number of persons	1	1	3	10

20.1 During the year, Chief executive did not receive any remuneration from the Company. However, the Company maintained car has been provided to him.

21 TRANSACTION WITH RELATED PARTIES

The Company's related parties comprises of individual shareholder, Companies and key management personnel. Advance received against future issue of shares, Payable to PIDC and remuneration of key management personnel have been disclosed in Note 13, 14 and 20 respectively to these financial statements.

[illegible] FINANCIAL RISK FACTORS AND RISK MANAGEMENT

[illegible] Financial Risk Factors

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

Credit risk;
Liquidity risk; and
Market risk (including currency risk, interest rate risk and other price risk).

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board. The Company's finance department evaluates financial risks based on principles for overall risk management, as well as policies covering specific areas, such as investment of excess liquidity, credit risk, interest rate risk and foreign exchange risk.

Credit risk
Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. Credit risk mainly arises from income tax refundable, advances, deposits, other receivables and bank balances. Excess funds of the Company are held with banks having highest capacity for timely repayment (i.e. having credit rating of at least 'A+'). Accordingly, management does not expect any counter party to fail in meeting their obligations.

Concentration of credit risk exists when changes in economic and industry factors similarly affect the group of counter parties whose aggregated credit exposure is significant in relation to the Company's total credit exposure. The financial assets of the Company are broadly diversified and transactions are entered into with diverse credit worthy parties thereby mitigating any significant concentration risk. The Company believes that it is not exposed to major concentration of credit risk.

Liquidity risk
Liquidity risk reflects the entity's inability in raising funds to meet commitments. The Company manages liquidity risk by maintaining sufficient cash and balances with banks. The Company believes that it has maintained sufficient liquid position that would result in no maturity mismatch between its financial assets and liabilities to expose the Company to liquidity risk.

Market risk
Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk
Currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to foreign exchange risk because none of the Company's monetary assets and liabilities are denominated in foreign currency.

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect the value or future cash flow of financial instruments.

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

	2020 Rupees	2019 Rupees
Balances maintained with banks	1,335,725	1,147,573

As at June 30, 2020, if the interest rate on the Company's deposit had been higher/lower by 100 basis point with all other variables held constant, finance income for the year would have been higher/lower by Rs. 12,081 (2019: Rs. 4,064) mainly as a result of higher/(lower) interest income.

[illegible] **Financial instrument by Category**

	Fair value through profit and loss	Fair value through other comprehensive income	Amortized cost	Total
	Rupees			
Financial assets as per Statement of financial position				
As at June 30, 2020				
Long term security deposits	-	-	4,898,120	4,898,120
Other receivables	-	-	3,636,084	3,636,084
Income tax refundable	-	-	7,231,600	7,231,600
Cash and bank balances	-	-	1,906,545	1,906,545
	-	-	17,672,349	17,672,349
Financial assets as per Statement of financial position				
As at June 30, 2019				
Long term security deposits	-	-	5,278,120	5,278,120
Advances	-	-	57,138	57,138
Other receivables	-	-	743,261	743,261
Income tax refundable	-	-	10,319,854	10,319,854
Cash and bank balances	-	-	1,613,971	1,613,971
	-	-	18,012,344	18,012,344

Financial liabilities carried at amortized cost	2020 Rupees	2019 Rupees
Deferred liability	17,407,943	16,405,686
Payable to PIDC	78,317,000	78,317,000
Accrued and other liabilities	41,853,147	38,287,720
	137,578,090	133,010,406

[illegible] **Fair Value Estimation**

All financial instruments carried at fair value are categorized in three categories defined as follows:

Level 1: Quoted prices in active markets for identical assets.

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.

The Company did not hold any investment as at year end.

33. **NUMBER OF EMPLOYEES**

	2020	2019
Number of employees as at year end	20	113
Average number of employees during the year	21	123

34. **LOSS OF CERTAIN ACCOUNTING RECORDS**

A fire broke out at the Company's head office on September 1, 2014. The fire destroyed certain records, documents and books of accounts of the Company related to prior years, although, electronic data remained intact.

35. **DATE OF AUTHORIZATION**

These financial statements were authorized for issue on 15 DEC 2020 by the Board of Directors of the Company.

36. **CORRESPONDING FIGURES**

Corresponding figures have been re-classified, wherever necessary for the purposes of comparison.

37. **GENERAL**

Figures have been rounded off to the nearest rupee.

Chief Executive Officer

Director

PATTERN OF SHAREHOLDINGS

1. Pattern of holding of the shares held by the shareholders as at 30 06 2020

2. No of shareholders	Shareholdings	Total shares held
3	shareholding from 1 to 100 shares	3
--	shareholding from 101 to 500 shares	---
--	shareholding from 501 to 1000 shares	---
--	shareholding from 1001 to 5000	---
--	shareholding from 5001 to 10000	---
1	10001 to 30,000,000 (Add appropriate slabs of shareholdings)	23,834,850
1	Total 30,000,001 to 129,782,370	124,157,220
Total		147,992,070

3. Categories of shareholders	share held	Percentage
3.1 Directors/Members.	3	0.00
3.2 Pakistan Industrial Development Corporation	23,834,850	16.11
3.3 Ministry of Industries and Production	124,157,220	83.89
Total	147,992,070	100.00%

COMPANY'S INFORMATIONS

i. **Registered Office:**

The registered office of the company is located at:
Suite # 115 – 118, 1st floor, Progressive Plaza, Beaumont Road, Karachi, Pakistan

Telephone Nos: 021-35631395-7, 021-35631468-9
Fax No: 021-35631398 Website: www.pgjdc.org Email: info@pgjdc.org

ii. **Projects:**

Gems & Jewellery Training & Manufacturing Centers at:
Karachi, Lahore, Peshawar, Quetta, Sargodha, Gilgit, Muzafarabad (AJK)

Gems Identification Laboratories at:
Karachi, Lahore, Peshawar, Quetta, Sargodha, Gilgit, Muzafarabad (AJK)

Assaying and Hallmarking Centers at:
Karachi &
Lahore.

iii. **Auditors:**

M/s. Baker Tilly Mehmood Idrees Qamar, "Chartered Accountants" (An international member of Baker Tilly International).

iv. **Bankers:**

a. Faysal Bank Limited
b. National Bank of Pakistan
c. Meezan Bank Limited

v. **Legal Advisor:**

M/s. Surridge & Beecheno

vi. **Company Secretary & CFO** Mr. Mukhtar Ahmed
vii. **Internal Auditor** Syed Aamir Ali